

SEAFIRE

Annual Report 2023





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About the report

This is a translated copy of the Annual report. The original report, signed by the Board of Directors, is in Swedish and in European single electronic format (ESEF). The ESEF version of the Annual report can be found on our website.

The cover photo was taken at Pexymek, which manufactures a range of products, including mangles.

The photograph above shows a sample from OPO Scandinavia's portfolio of glasses brands, KunoQvist.

The year in brief

Several important projects were completed during the year, including the arrangement of new secured financing and a listing switch to Nasdaq Stockholm.

Looking at the subsidiaries, the full year 2023 presents a mixed picture. Half of the subsidiaries delivered stable or higher profits, while the rest saw steep declines in profits, which also explains the weak earnings trend for the Group overall.



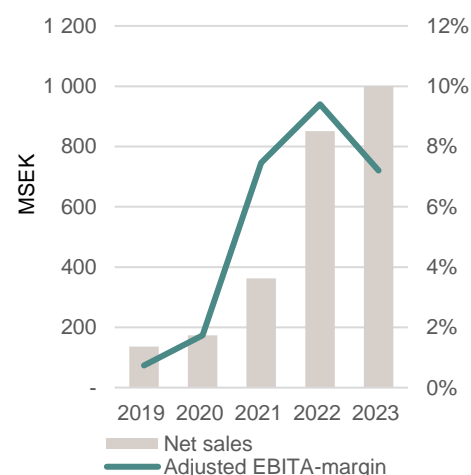
Borö-Pannan produces accumulator tanks for heat pumps.

Significant events 2023

February 1	Acquisition of Borö-Pannan completed.
March 28	Seafire completed the refinancing of outstanding bond loans to bank loans.
May 11	Listing change for trading of shares in Seafire to Nasdaq Stockholm Main Market.
June 9	Following the discovery of gross embezzlement within Lingua Communications Nordic AB, the company was declared bankrupt.
November 1	The assets of Hedén Group AB were sold off and the company became dormant.
December 7	The Board of Directors resolved to terminate the employment of the CEO and recruitment of a new CEO commenced.

Key figures¹

SEK million	2019	2020	2021	2022	2023
Net sales	136	173	362	851	1,000
Growth, %	536%	27%	110%	135%	18%
Operating profit (EBIT)	3	14	15	81	13
EBITA ²	11	21	23	101	81
EBITA margin ² , %	8%	12%	6%	12%	8%
Adjusted EBITA ²	1	3	27	80	72
Net debt/Adjusted EBITDA, times ³	6.0	3.0	4.0	1.7	2.2
Profit/loss after tax ²	-12	-3	-13	14	-73
Basic earnings per share, SEK ⁴	-1.30	-0.29	-0.92	0.49	-1.72
Diluted earnings per share, SEK ⁴	-1.30	-0.29	-0.92	0.47	-1.72



¹ The comparative figures have been restated. See Note G27 for more information.

² Alternative performance measures. See Note G32 for reconciliation with financial statements in accordance with IFRS.

³ Excluding granted tax deferral

⁴ Key figures including discontinued operation.

Comments from the CEO

2023 was a transitional year that ended on a weak note, clearly below our expectations. Sales for the full year increased by 18% to SEK 1,000 million, entirely driven by acquisitions. Adjusted EBITA decreased to SEK 72 (80) million, primarily as a result of negative organic growth combined with high costs. The year began well, but weak performance towards the end affected earnings for the full year. The strong cash flow is explained by a reduction in tied-up working capital and the completion of refinancing.



Organic growth during the year was negative at -5 percent. The weak growth trend is primarily due to weak sales figures for Kenpo, DOFAB and Färg-In related to the economic downturn in the construction sector. E-commerce vendor Nordbutiker was adversely affected by limited consumer purchasing power. The other companies delivered stable and, in some cases, strong performances. Borö-Pannan, which was acquired during 2023, saw a weak sales trend in the second half of the year as a result of deferred government grants, which led to a more cautious approach among end customers in Denmark and Germany.

The gross margin increased during the year, despite the lower demand. Our subsidiaries have successfully managed to compensate for higher procurement prices and the weak Swedish krona, primarily through price adjustments.

Adjusted EBITA for the year decreased to SEK 72 (80) million, corresponding to a margin of 7 (9) percent. Acquisitions contributed SEK 12 million to earnings. The reduction in EBITA is partly due to negative organic growth and partly due to the fact that the Group was not entirely successful in adjusting costs to the lower demand. We took action in the subsidiaries in Q4 to address the cost structure, where the target is to improve the Group's operating margin.

Adjusted for the increase in tax deferral of SEK 63 million, cash flow improved during the year and amounted to SEK 17 (-56) million after changes in working capital. The strong cash flow is attributable to the reduction in tied-up working capital and the completion of refinancing, which considerably reduced the Group's interest expenses.

The Group recognized an impairment loss of SEK 41 (0) million on goodwill on acquisition in 2023. The impairment is attributable to Nordbutiker, where market conditions have recently undergone fundamental changes, Kenpo, where profitability dramatically deteriorated following the loss of a key customer, and Hedén Group, whose business has been divested.

The picture is mixed regarding subsidiary performance. Half of the subsidiaries delivered stable or higher profits, while the rest saw steep declines in profits, which also explains the weak profit trend for the Group overall. The common denominator for many of the poorly performing companies is that they were acquired during the last two years, when the market was strong and profit levels at historically high levels. During the past year, profitability levels in these companies have declined, driven partly by a weaker market and partly by strategic investments in structural capital aimed at securing long-term profitable growth. These companies are still both profitable and well-run companies, but their profit levels are now more normalized than at the time of their acquisition. In addition to these companies, two of the Group's largest companies, Nordbutiker and Färg-In, each lost approximately SEK 8 million in profit compared with 2022 as a result of a weaker consumer market and the ailing construction market.

The focus for 2024 is on continuing to generate strong cash flow and maintain margins, rather than investing in growth initiatives. The Group's acquisition strategy remains unchanged but our priority in the first half of 2024 is to continue reducing the Group's net debt.

As we look back at 2023, I would like to thank all of Seafire's customers, employees and business partners for their trust, commitment and drive during the past year. We look forward to new opportunities and mutually beneficial collaboration in 2024.

Jacob Persson
CEO

Segments

Seafire operates in two business segments: Industrial components and Products.

Industrial components

	Bara Mineraler AB delivers plateau clay to professional growers in northern Europe and sells substrates and pumice for sustainable urban environments. The company is headquartered in Bara outside of Malmö and has 21 employees.
	Färg-in AB is a leading supplier of paint and service to the product painting industry. The company has 20 employees. Headquartered in Kristinehamn, Färg-in AB also has operations in Leksand and Skellefteå.
	Pexymek AB is a supplier of cable sheaths, antenna mounting hardware and cold mangles to the Nordic market. The company also offers contract production in metal machining. Headquartered in Falkenberg, the company has 19 employees.
	Thor Ahlgren AB, headquartered in Skillingaryd, supplies pressed, stamped and laser-cut metal components to leading Swedish industrial companies, mainly in the automotive industry. The company has 27 employees.
	Åkerstedts Verkstads AB develops and produces customized industrial fans. Headquartered in Kvänum, Västergötland, the company has 16 employees.
	DOFAB AB supplies doors, windows and entryways for all types of buildings, regardless of their historical period. The company has 18 employees, is headquartered in Malmö and operates in Malmö, Gothenburg and Stockholm.
	Kenpo Sandwich and its subsidiary Novasip develop and sell sandwich panels used to build chassis in the transport sector and construction elements for buildings. Headquartered in Halmstad, the company has 24 employees.
	Borö-Pannan AB produces accumulator tanks for heat pumps. With operations in Kalix and Motala, as well as Breza, Bosnia, the company has a total of 96 employees in Sweden and Bosnia.

Products

	Luda.Farm AB provides monitoring and efficiency improvement solutions to the agricultural and industrial markets. The company's main markets are France, Sweden, Germany and the UK. Luda.Farm has nine employees and its headquarters are situated in Mölndal near
	Nordbutiker AB is a leading e-commerce vendor in the Nordic region that focuses on light electric vehicles and home gym equipment. Headquartered in Norrtälje, the company operates four webshops in four Nordic countries and has 25 employees.
	SolidEngineer AB provides CAD and PLM services and system solutions. The company now has 32 employees at its headquarters in Täby, near Stockholm.
	OPO Scandinavia AB designs, markets and sells designer eyewear frames under brands which include KunoQvist, F22 and STUDIO Eyewear. Headquartered in Malmö, the company has 20 employees.

Strategy

Seafire is a corporate group founded in 2016 with the aim of creating growth by acquiring profitable companies and further developing them through active and long-term ownership.

We create value by being an active owner with a decentralized operational model and independent subsidiaries. Long-term strategies are based on developing the business model and widening the market, along with service and product development. Strategies are implemented alongside new initiatives within sales and marketing. This boosts the growth and profitability of the acquired companies. Seafire always acquires a majority stake in acquired entities.



Peter Stenberg, Pexymek

The business model entails a clear-cut and iron-clad acquisition strategy combined with sustainable value-creation and decentralization. The customer value propositions of Group companies that promote improvement and sharpen the competitive edge in a sustainable way are a key driver of Seafire's continued success.

Seafire is committed to being a long-term and active owner of its subsidiaries. Seafire applies a decentralized ownership model, where subsidiaries continue to operate at a high level of autonomy following acquisition by the Group. Under the Group's decentralized management model, decisions in the subsidiaries, including organizational decisions, are made by the people who run the subsidiary and have the deepest understanding of daily operations, which also creates commercial flexibility and agility among the subsidiaries. However, the Group requires each subsidiary to maintain an efficient organization and operations. Management also has clear financial and operational targets for each subsidiary that are tracked and regularly followed up. In addition, Seafire has implemented a framework and established procedures for optimal internal control and risk management throughout the Group.

Once Seafire has acquired a new company, the Board of Directors is replaced by a Board composed of Seafire executives and at least one outside director with extensive experience and expertise in the industry in which the relevant portfolio company operates. Post-acquisition, Seafire prepares a long-term business plan for the new subsidiary in partnership with the local company management. The plan is aimed at further development of the business model, efficiency gains, product development, and sales and marketing initiatives that include a clear-cut strategy for digital marketing via social media and e-commerce. In addition to all of this, Seafire provides expertise, access to the Group's networks, Seafire's network of outside directors, and potential acquisition financing.

Monitoring of financial targets

Target	Outcome
<p>Growth: Annual growth above 15%, of which at least 10% is organic</p> <p>Remarks: Growth during the year was attributable entirely to the acquisition of Borö-Pannan, recognized in Seafire with effect from February 1, 2023. Organic growth was 5%.</p>	<p>18% (135%)</p>
<p>Profitability: Adjusted EBITA margin above 10% measured over a business cycle</p> <p>Remarks: Lower profitability than in the previous year, primarily due to decreased demand among consumers and in the construction market.</p>	<p>7% (9%)</p>
<p>Capital structure: Interest-bearing net debt in relation to Adjusted EBITDA of 2.0-3.25x</p> <p>Remarks: The capital structure showed a stable trend that benefited from the refinancing arranged in 2023. Including the tax deferral, the key ratio was 3.2x.</p>	<p>2.2x (1.7x)</p>

The share and shareholders

Traded under the SEAF ticker, the Company's shares have been listed on Nasdaq Stockholm since May 11, 2023. Until that date, the shares had been listed on Nasdaq First North Growth Market since July 25, 2019. Seafire had a total of 3,703 shareholders at the end of 2023.

Turnover

Total share turnover for Seafire in 2023 was 29 (8) million shares at an aggregate value of SEK 331 (242) million. The average daily turnover was 116,058 (32,650) shares.

Price development

Based on the last price paid on December 29, 2023, SEK 7.46, the Group's market capitalization was SEK 320 (864) million. The share price fell by 63 percent during the year, while the OMXSPI total index rose by 15 percent. The highest closing price during the year, SEK 24.8, was recorded on January 10, 2023. The lowest closing price was SEK 5.74, recorded on October, 23 2023.

Share issues

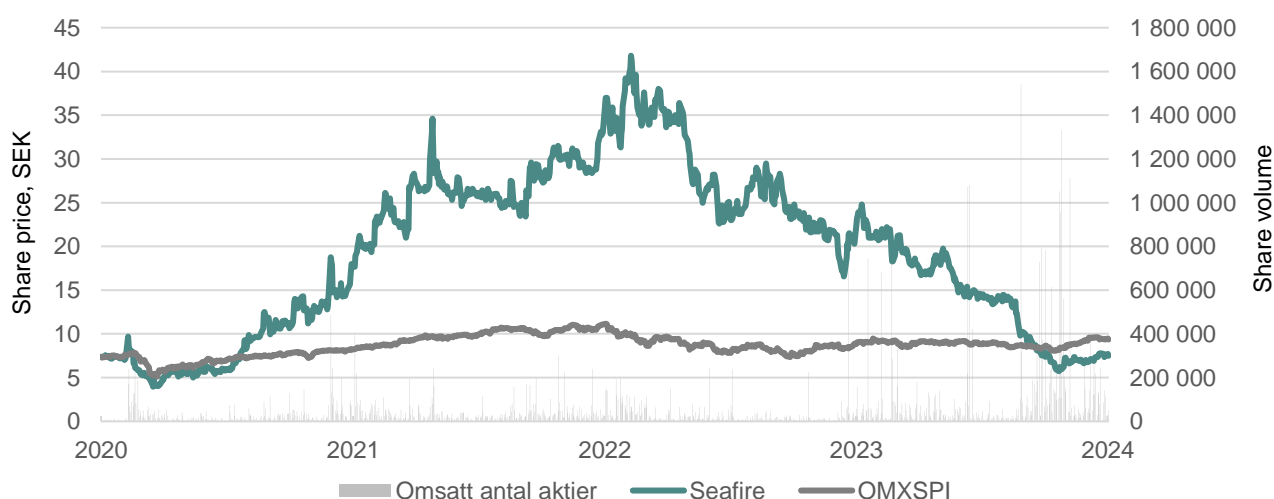
Upon transfer of ownership of Borö-Pannan on February 1, 2023, Seafire carried out a private placement of SEK 5 million to the seller as partial consideration for the acquisition.

Shareholder composition

December 31, 2023

Shareholder	Capital and voting rights
Creades	18.9%
Protector Forsikring	16.9%
Berenberg Funds	7.9%
Avanza Pension	6.6%
Cliens Fonder	4.4%
Johan Bennarsten	3.9%
Ica-handlarnas förbund finans	3.5%
Perpressa Invest	2.3%
Tord Lendau	2.3%
Nordnet pensionsförsäkring	2.1%
Other	31.3%
Total	100%

Seafire share development 2020-2023



Board of Directors' report

The Board of Directors and CEO of Seafire AB (publ), corporate ID 556540-7615, domiciled in Stockholm, Sweden, hereby present the annual report and consolidated accounts for the financial year January 1, 2023 to December 31, 2023.

Operations

Seafire is a corporate group founded in 2016 with the aim of creating growth by acquiring profitable companies and further developing them through active and long-term ownership. Seafire AB (publ) is a limited liability company registered in Sweden. Shares in the Parent Company have been listed on Nasdaq Stockholm since May 11, 2023.

Seafire creates value by being an active owner with a decentralized operational model and independent subsidiaries. The long-term strategies are based on developing the business model, broadening the market, and service and product development. Strategies are implemented alongside new initiatives within sales and marketing. This boosts the growth, profitability, and strategic value of the acquired companies. Seafire always acquires a majority stake in acquired entities.

Geopolitical unrest and higher inflation impacted performance during the year and gave rise to uncertainty concerning Seafire's financial performance in 2024. The effect on subsidiaries varies, as they operate in different segments, industries, and geographies. Based on the business model that entails decentralized responsibility for financial performance, the companies make their own decisions and adjustments to current circumstances.

One subsidiary, Lingua Communications Nordic AB, was declared bankrupt on June 2, 2023 due to gross embezzlement. In that connection, Seafire has elected to account for the company as a discontinued operation. See Note G10 for more information. In addition, the assets of another subsidiary, Hedén Group AB, were sold on November 1.

Net sales and earnings

The Group's net sales for 2023 amounted to SEK 1,000 (850) million, an increase of 18%. The increase is

attributable to the acquisition of Borö-Pannan. Organic growth was -5%. Subsidiary performance was mixed. Half of the Group's subsidiaries delivered stable or higher profits, while the rest showed steep declines in profits, which also explains the weak earnings trend overall.

EBIT (operating profit) for the full year 2023 amounted to SEK 13 (81) million and EBITA (earnings before amortization of intangible assets) amounted to SEK 81 (101) million. The earnings growth is primarily attributable to acquisitions. Items affecting comparability, mainly attributable to changes in contingent consideration liabilities of SEK 18 (1) million had a positive effect on earnings. Profit/loss after tax was SEK -73 (14) million.

Net financial items amounted to SEK -59 (-53) million. Interest and finance costs amounted to SEK -55 (-56) million, exchange rate fluctuations were SEK -2 (0) million, and interest income and finance income amounted to SEK 5 (4) million. The decrease in interest expenses is primarily attributable to the refinancing from bond loans to bank loans. Refinancing-related non-recurring costs reduced net interest income by SEK -18 (0) million in 2023.

Balance sheet

At year-end, the Group's total assets were SEK 1,339 (1,749) million. Equity amounted to SEK 717 (786) million. The equity/assets ratio was 54% (45%) on December 31, 2023.

The Group's non-current assets amounted to SEK 908 (888) million at year-end. The total is distributed as follows: intangible assets, SEK 725 (722) million, property, plant, and equipment, SEK 141 (127) million, right-of-use assets attributable to IFRS 16, SEK 38 (35) million, and deferred tax assets, SEK 0 (2) million. The increase in non-current assets is primarily attributable to the acquisition of Borö-Pannan.

Other financial assets amounted to SEK 4 (2) million. Current assets amounted to SEK 431 (861) million at year-end, SEK 230 (216) million of which was in inventory. Trade receivables amounted to SEK 92 (115) million at the reporting date.

Financial performance¹

SEK million	2019	2020	2021	2022	2023
Net sales	136	173	362	851	1,000
Growth, %	536%	27%	110%	135%	18%
Operating profit (EBIT)	3	14	15	81	13
EBITA ²	11	21	23	101	81
EBITA margin, %	8%	12%	6%	12%	8%
Net debt/Adjusted EBITDA, times ³	6.0	3.0	4.0	1.7	2.2
Profit/loss after tax ⁴	-12	-3	-13	14	-73
Basic earnings per share, SEK	-1.30	-0.29	-0.92	0.49	-1.72
Diluted earnings per share, SEK	-1.30	-0.29	-0.92	0.47	-1.72
Average number of diluted shares (thousands)	9,222	9,699	14,174	30,805	43,725

¹ The comparative figures have been restated. See Note G27 for more information.

² Alternative performance measures. See Note G32 for reconciliation with financial statements in accordance with IFRS.

³ Excluding granted tax deferral

⁴ Key figures including discontinued operation

Cash flow and investments

Cash flow from operating activities in 2023 amounted to SEK 12 (26) million before changes in working capital and SEK 80 (-60) million after changes in working capital. The change is explained by reduced cash tied up in inventory, changes in trade receivables, and the arranged tax deferral. Cash flow from investing activities amounted to SEK -92 (-372) million, while cash flow from financing activities amounted to SEK -410 (724) million. The changes are primarily attributable to the new share issue, redemption of a bond loan and arrangement of a bank loan. Total cash flow in 2023 amounted to SEK -422 (292) million.

The Group's investments in intangible assets and property, plant, and equipment totaled SEK 11 (19) million in 2023, while disposals of financial assets amounted to SEK 0 (14) million. Investments in business combinations were SEK 81 million in 2023, compared with SEK 367 million in 2022. The Group did not capitalize development expenses in 2023.

Financial position

Interest-bearing liabilities amounted to SEK 234 (604) million and, including lease liabilities, SEK 271 (638) million at the end of 2023. Liabilities to credit institutions accounted for SEK 234 (604) million and lease liabilities accounted for SEK 37 (34) million of the total. Contingent consideration amounted to SEK 12 (30) million, of which contingent consideration due within 12 months amounted to SEK 5 (21) million. Tax deferral amounted to SEK 92 (30) million, which must be repaid by the end of 2026. Cash and cash equivalents amounted to SEK 46 (468) million at the end of the year. The Group's net debt, as it is defined in order to calculate the bank loan's covenant, therefore amounted to SEK 230 (191) million and net debt/adjusted EBITDA R12 pro forma was 2.2x (1.7x). Total net debt, including leases, all contingent consideration and the tax deferral, amounted to SEK 329 (221) million.

On March 28, 2023, Seafire refinanced its outstanding bond loan by arranging new bank financing at a significantly lower interest rate. More information is provided under "New loan agreement and premature bond redemption" on this page.

The Board of Directors has assessed the Group's financial position and its capacity to meet its obligations. In the Board's judgment, the Group's expected earnings capacity in 2023 provides Seafire with favorable conditions for exploiting future business opportunities. The Board has also concluded that there is access to external financing if the need should arise during the next 12 months.

Significant events during the financial year

Acquisitions

Seafire completed one acquisition during the year:

- Borö Pannan, which manufactures an extensive range of heat pump components, was acquired on February 1, 2023.

Updated financial targets

The Board of Directors of Seafire adopted updated financial targets on February 22, 2023. See page 6 for a presentation and review of the targets.

New loan agreement and premature redemption of bond loan

Seafire entered into a loan agreement for SEK 350 million on March 2, 2023 with the lender, Danske Bank A/S, Danmark, Sverige Filial (Danske Bank Sweden). The loan will be used to refinance existing debt and for general company-related purposes. The loan term is two years with an option to extend by one year. In connection with its entry into the loan agreement, Seafire announced that it intends to exercise its right to voluntary premature redemption of its existing bond loan. Seafire's interest expenses are expected to decrease by SEK 49 million per year based on the borrowing rate as of the refinancing date, providing that the new loan agreement is used in full.

Bankruptcy of Lingua Communications Nordic AB

On June 9, subsidiary Lingua Communications Nordic AB filed for bankruptcy following discovery of a case of gross embezzlement. Including Group adjustments related to the bankruptcy, the subsidiary generated a loss of SEK -23 million in 2023 and is accounted for as a discontinued operation in accordance with IFRS 5. See Note G10 for more information.

Disposal of assets in Hedén Group AB

The assets in the subsidiary Hedén Group were sold on November 1, 2023. The company had sales of SEK 5 (11) million in the 2023 financial year and generated an operating loss of SEK -6 (2) million.

Change of CEO

On December 7, 2023, Seafire announced that the Board of Directors had resolved to terminate the employment of CEO Johan Bennarsten. On December 20, Seafire announced that he would be discharged from his duties as of December 31, 2023 and that the Company's CFO, Jacob Persson, had been appointed acting CEO. Profit in 2023 was reduced by severance costs of SEK 2 million.

Goodwill impairment

In connection with the divestments of Lingua and Hedén, Seafire recognized impairment losses of SEK 19 million and SEK 11 million respectively, concerning all goodwill associated with the subsidiaries. Seafire recognized goodwill impairment of SEK 29 million in Q4 due to inadequate profitability, challenging market conditions and a change in the interest rate situation for two subsidiaries, Nordbutiker and Kenpo Sandwich.

Significant events after the financial year

No significant events have occurred since the end of the financial year.

Outlook

Seafire's objective is to generate value growth through organic growth in portfolio companies and acquisition of new companies with sustainable business models. The companies that Seafire acquires have stable positions in niche markets and stable cash flows. Seafire's main geographical market is Sweden, where conditions for further acquisitions and expansion are favorable. Seafire is leveraging a diversified company portfolio with operations in numerous sectors to create an industrial group with a good spread of risk. As a result of the diversified company portfolio, Seafire's development correlates with Sweden's economic development. In light of the new loan agreement closed

on March 2, 2023, Management and the Board believe that Seafire is well placed to achieve further growth in the future in accordance with the established strategy.

The Group's risks and uncertainties

Macroeconomic factors

The business units within the Group operate in a number of different sectors. Seafire is dependent on the success of and demand for the products and services produced and supplied by the business units, which are in turn dependent on a range of factors, including functionality, price and market demand in general. Macroeconomic factors beyond Seafire's control have significant impact on this demand.

Goodwill has been tested for impairment, resulting in the recognition of impairment losses. See Note G12 for more information. The Board of Directors assists the Management in the ongoing monitoring of the performance of the business in this context in order to swiftly and effectively manage any risks and situations that might arise.

Risks relating to the armed conflict in Ukraine, the conflict between Israel and Hamas, and higher inflation

The effects of the war in Ukraine, higher inflation and the higher price of input goods have, to a certain extent, impacted demand for goods and services supplied by Seafire's subsidiaries. The impact of the economic slowdown has been felt most severely by Seafire's subsidiaries whose business is consumer-oriented. Further weakening of the economy could cause a significant adverse impact on the Company's business, financial performance and financial position. Furthermore, higher interest rates could impact future financing costs and discount rates in connection with the valuation of assets and liabilities. In order to manage higher financing costs, Seafire entered into a long-term bank financing agreement during the first half of 2023 which is expected to significantly reduce interest expenses going forward.

The conflict between Israel and Hamas has no direct impact on Seafire's business, but the conflict could indirectly affect Seafire if supply chains were to be disrupted and input goods delayed and/or made more expensive.

Risks related to company acquisitions and transfers

Growth through acquisitions that either complement or broaden the Group's existing holdings is an essential component of Seafire's strategy. There is a risk that the Company will not be able to identify suitable acquisition targets or carry out acquisitions on acceptable terms. Business combinations are, moreover, associated with risks in relation to the acquired entity. The target company could, for example, suffer customer losses or encounter regulatory challenges or unexpected expenses after closure of the acquisition. This could require additional capital injections or mean that the expected return does not materialize.

Operational risk

All commercial activity in the Group's business units is associated with risk of loss due to inadequate procedures. Irregularities and/or other internal or external events could also cause disruptions or harm the business.

In connection with the embezzlement discovered at Linguacom, the group has taken extra measures to strengthen internal control. One example is the self-assessment process of our internal controls that was implemented in connection with the listing. We have also introduced more extensive background checks when filling senior positions, as well as strengthened monitoring of changes in creditworthiness.

Several of the subsidiaries are dependent on operating locations or distribution and warehouse facilities. If such an operating location or facility were to be destroyed or shut down for some reason, such as a storm, flood, other natural disaster, riot, blockade or strike, fire, sabotage, terrorist attack, or government intervention, or if operating equipment or inventory were to be significantly damaged, the affected business unit would probably experience difficulties distributing its products or services.

Financial risk

Seafire is primarily exposed to financial risk in terms of changes in enterprise value and liquidity risk. Seafire's future financial performance is largely dependent on the success of the underlying companies, which is itself dependent on a range of factors, including how successfully company management teams and Boards are able to develop the companies and carry out value-creating initiatives. As a high proportion of revenue is generated by exports, the Company is exposed to risks related to exchange rate fluctuations. There are also risks relating to purchases of electronic components from countries other than Sweden. The risks arise upon translation generated by sale and purchase transactions. The Group's financial activities and management of financial risks are centralized on Group management. The aim is to minimize the Group's cost of capital by means of suitable financing and to effectively manage and control the Group's financial risks. See Note G2.

Disputes

There is risk that the Group will become involved in future disputes. The outcome of such potential disputes could lead to significant costs being incurred and divert executive resources from other activities.

Altered legal circumstances

Laws, directives, and regulations or new interpretations of thereof, which affect the business may be adopted from time to time which could, for example, entail higher administrative costs for the Group that ultimately affect shareholder return, force the Group to make changes to its legal structure, or require the modification or elimination of service or product offerings.

This could entail increased costs or other disadvantageous consequences, such as a poorer tax situation or reduced sales revenues, for the Company or its shareholders. Such risks could have an adverse impact on the Group's business, financial performance and financial position.

Product liability and recalls

Some Seafire subsidiaries manufacture products which, if used improperly, could cause personal injury and/or material damage to customers. This could expose the subsidiaries to product liability and product recalls if use of the relevant company's products causes, is claimed to cause, or is feared to cause, personal injury or material damage. There is risk that defects in the Group's products or erroneous use of the products

could lead to product liability and potentially lead to financial obligations and negative publicity, which could have an adverse impact on the Company's financial position and performance. Seafire carries customary liability and product liability insurance, but there is risk that the protection the Group obtains through the insurance policies will be limited due to compensation caps, for example.

Parent Company risks

Through its ownership of shares in the subsidiaries, the Parent Company is indirectly exposed to the same risks as the Group.

Environmental impact

The Group has limited impact on the environment, primarily in connection with the transportation of products, business travel, and waste management. Subsidiary operations are based on the Group Environmental Policy.

Employees

A company's potential for success lies mainly with its employees. At the end of the year, Seafire had 333 employees, of whom one fifth were women. Many of the employees have worked for their respective companies for many years and their collective skills and experience are vital to the Group. Advanced training and skills development are high-priority issues in order to attract and retain employees, and Seafire is working actively to meet needs on an ongoing basis. This includes offering advanced training and coaching to senior executives according to an internal managerial development program.

Ownership structure

Seafire has been listed on Nasdaq Stockholm since May 11, 2023. Creades is Seafire's largest shareholder and held 8,118,751 shares as of December 31, 2023, corresponding to 19% of the total number of shares in Seafire. Seafire's second-largest shareholder is

Protector Forsikring, which owned 17% of the shares as of December 31, 2023. No other shareholders owned 10% or more of shares outstanding on the reporting date. See page 6 for more information about Seafire shares.

Dividends

A resolution concerning dividends will be adopted at the next Annual General Meeting. The Board of Directors has proposed that no dividend be distributed for the 2023 financial year.

Parent Company

Sales in Seafire AB (publ) in 2023 amounted to SEK 21 (17) million. Other external expenses amounted to SEK -18 (-14) million and personnel costs were SEK -16 (-10) million. Operating profit/loss after depreciation, amortization and impairment amounted to SEK -13 (-7) million, while operating profit/loss after net financial items amounted to SEK -127 (-58) million. Profit/loss for the year was SEK -107 (-41) million.

Proposed appropriation of profit/loss

Funds at the disposal of the Annual General Meeting (SEK):

Share premium reserve	880,910,739
Retained earnings	-127,406,184
Profit/loss for the year	-107,359,525
Accumulated earnings	646,145,031

The Board of Directors proposes that funds be allocated as follows:

Carried forward	646,145,031
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Sustainability at Seafire



DOFAB offers custom-made doors and windows with high energy ratings. Fredrik Persson, CEO of DOFAB, in the picture.

The sustainability year in brief

- Implementation of public whistleblowing function (open to suppliers, employees, customers, the general public, etc.)
- Two additional subsidiaries completed their ISO certification.
- Seafire presents its annual sustainability award to its subsidiary Pexymek AB for its ISO certification and sustainable business model.
- Updated Sustainability Policy and Code of Conduct adopted by the Board of Directors
- Seafire’s network of Group production managers held its first meeting, discussing topics which included waste management and resource efficiency.

Introduction to our sustainability work

Seafire owns Swedish companies which have their main operations based in Sweden, but with customers, suppliers and partners globally. We create value by being an active owner with a decentralized operational model and independent subsidiaries. Long-term strategies are established for each subsidiary based on the development of its business model, broadening of the market, and service and product development. The strategies are executed alongside new initiatives in sales and marketing. This increases the growth, profitability and strategic value of the subsidiaries. Sustainability forms an integral part of Seafire, and our subsidiaries continuously strive to develop sustainable solutions for our customers, thus boosting our competitiveness.

We view sustainability as a key aspect to consider when acquiring subsidiaries. Sustainability factors have both a direct and an indirect impact on a company’s value and profitability, which is why sustainability aspects are also taken into consideration in acquisition decisions. Borö-Pannan, a company that develops and manufactures components for water heaters, was acquired in 2023. The company is expected to play an important role in the green transition of society’s energy supply.



Luda.Farm’s solutions enable farmers to monitor their properties remotely.

Seafire has developed a stakeholder analysis to clarify the core issues of importance to Seafire’s stakeholders. Below are the areas which our stakeholders consider most important, and which form the basis for the areas that Seafire prioritizes in its work on sustainability. By including a range of stakeholders, we gain different perspectives on how our activities affect others and can thus more easily obtain a holistic view of our impact on the surrounding environment. Our dialog process has so far been relatively informal, but it will be formalized in the future. The stakeholder analysis is continuously updated following new dialogs which have resulted in new core issues.

Stakeholder group	Dialog method	Core issues
Customers	Face-to-face meetings Customer surveys Round table discussions	Innovation Working conditions Human rights
Suppliers	Face-to-face meetings	Business ethics Customer satisfaction Partnerships Climate impact
Employees	Daily dialog at workplaces Performance and career development review Employee survey	Gender equality Working conditions Skills development Climate impact
Community	Dialog with authorities Dialog with local communities	Business ethics Contribute to the local community Safe workplaces
Owners	Annual General Meeting Analyst meetings Individual meetings with major shareholders	Earnings trend Human rights Climate impact Sustainable business models

Opportunities

The Group's product catalog ensures that there is a wealth of business opportunities available to the Group as the world transitions to a greener society. One example is Bara Mineraler, a company that works to develop sustainable solutions for plots for planting and cultivation, which will form an important part of future cities.

In addition, our product catalog includes lightweight sandwich panels for lower CO₂ emissions in transportation and construction, energy-efficient doors and windows for reduced energy consumption and digital monitoring for farmers to simplify their day-to-day operations. The green transition might therefore entail greater demand for our products.

One of our subsidiaries manufactures key components for the industrial and transportation sector, which has recently been increasing the demands made on its suppliers. Our view is that there are important competitive advantages in this sector if you can meet the higher requirements; read more about this on page 18.



Urban environments where only Bara Minerals products have been used to enable cultivation and planting of trees.

Risks

Seafire's activities are mainly linked to what are known as 'transition risks', i.e. risks related to the transition toward achieving the new Sustainable Development Goals. These include higher production costs (resulting from the introduction of a carbon tax, switching suppliers or increasing the price of raw materials) and the costs involved in switching to climate-friendly technologies.

The Group works actively to reduce our dependence on climate-sensitive raw materials and improve the efficiency of our energy and water consumption. We are also looking at measures to improve our production and distribution, including investing in more sustainable practices. By proactively addressing climate-related issues, we aim to minimize the risk of cost increases and disruptions to our operations.

When the requirements for sustainability reporting increase, there is a risk of misunderstanding the new requirements or not having time to implement the required processes based on them. We are therefore closely monitoring developments regarding the standards. A couple of Seafire's subsidiaries carry out notifiable environmentally hazardous operations and must comply with the relevant laws and regulations. No fines related to environmental issues were incurred in 2023.

Some Seafire subsidiaries source products and components from producers in Eastern Europe and Asia. These geographies might pose an increased risk of human rights violations in the supply chain. The Group works continuously in a structured manner to mitigate these risks by setting requirements for its suppliers and engaging in dialog with them. We also have a sub-subsidiary operating in Bosnia, a country with an increased risk of bribery. We manage this by staying in regular contact with the site manager, adopting a clear position regarding bribery and making site visits.

Focus areas

The outcome of the stakeholder and risk analysis was used to select a number of focus areas from the UN Sustainable Development Goals. These goals have been selected based on where we believe we have the greatest opportunity to make an impact.



Focus area 1 – Gender equality

The gender distribution of the Group shows a predominance of men. We believe that workplaces benefit from a variety of backgrounds and perspectives and are aiming for a balanced representation of genders and nationalities. Women's leadership, both on the Board of Directors and in management, is something we make particular efforts to encourage.

Focus area 2 – Employees

Employees are our most important asset in terms of ensuring solid financial performance. This means that we focus on the well-being, security and development of our employees. We help managers evolve and invest in developing the skills of our employees.

Focus area 3 – Upgrading industry for greater sustainability

Seafire has domestic industrial operations and we strive to reduce our dependence on climate-sensitive raw materials and make our energy and water consumption more efficient. We will undergo the applicable ISO certification processes and review opportunities to improve our production and distribution.

Focus area 4 – Emissions and energy consumption

It is obviously also important for us to reduce our carbon footprint and achieve net-zero emissions by 2045 to limit global warming. We are working on establishing processes and procedures to ensure accurate measurement of emissions, as well as on working methods to achieve the net-zero target.

Focus area 5 – Sustainable value chain

Responsible purchasing is important in order for us to promote sound business ethics, good working conditions linked to human rights and anti-corruption measures. For this reason, we want to focus on constantly increasing purchases from certified suppliers or otherwise using only trusted suppliers.



Bengt Gustafsson, Thor Ahlgren.



Ellinor Jangefeldt and Stefan Wrangel at DOFAB.

Image above: DOFAB offers custom-made doors and windows with the highest energy rating.

Image on the left: Thor Ahlgren works actively to create competitive advantages through its sustainability work. Read more on page 18.

Sustainability management

Seafire works on the basis of internal policy documents such as the Code of Conduct, Sustainability Policy, guidelines, etc., with the Group-wide goal being for our subsidiaries to have also implemented these in their operations. The CEO and the management of each company have operational responsibility for their sustainability efforts, and each Board is ultimately responsible for ensuring that the company complies with existing guidelines and policies. The main policy documents for our focus areas and the results of these documents are presented below. Performance is mainly monitored by means of key performance indicators, but also through meetings with the CEO and the management of each company.

Focus area	Policy documents	Desired outcome of policy documents
Gender equality	<ul style="list-style-type: none"> • HR Policy • Code of Conduct 	<ul style="list-style-type: none"> • More equal distribution of women/men in leadership and overall in the Group.
Employees	<ul style="list-style-type: none"> • HR Policy • Code of Conduct • Staff Manual • Incentive program 	<ul style="list-style-type: none"> • Lower number of incidents at work • Lower employee turnover rate • Less sick leave
Sustainable value chain	<ul style="list-style-type: none"> • Code of Conduct for suppliers • Supplier and customer contracts 	<ul style="list-style-type: none"> • No bribery, corruption or other breaches of the Code of Conduct.
Emissions and energy consumption/Upgrading industry for greater sustainability	<ul style="list-style-type: none"> • Sustainability policy • Local policies 	<ul style="list-style-type: none"> • Applicable ISO certifications • Work on local sustainability strategies and targets under way • Group transitioning to electricity with Good Environmental Choice classification

Code of Conduct and whistleblowing function

Our Code of Conduct contains ethical guidelines on how to behave in the Seafire Group. Group-wide principles might seem to be common sense but, the more we grow and the more employees we have, the value of defining these principles and clearly disseminating them becomes ever greater and ever more necessary.

Delegating responsibility and authority to the right employees is an important part of our recipe for success. Our staff are highly skilled and make a strong contribution to the stability and independence of the Group. For us to continue creating value and growing successfully, all employees must share our vision of entrepreneurship and act according to certain Group-wide principles.

In addition, the Group has established a whistleblowing function that enables all employees to internally report any breach of the Code of Conduct in a secure manner. This reporting channel is presented to all new employees, consultants and Board members as part of the onboarding process to ensure that everyone is aware of the opportunity to report breaches. Reporting in good faith will not lead to negative consequences for the reporting party. The whistleblowing function is an important step in closing the gap between subsidiary stakeholders and Seafire.

Human rights

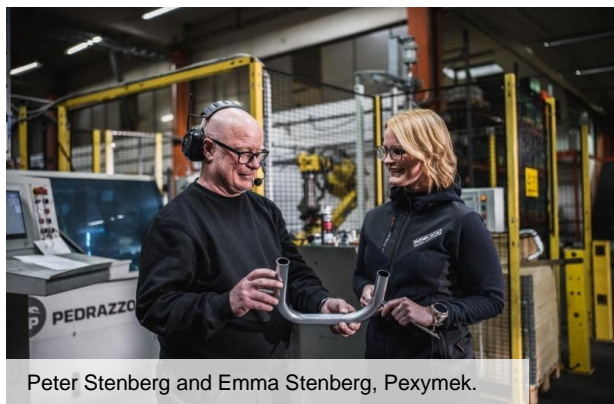
Human rights are a core issue for our owners and customers and are an aspect we consider to be crucial, as we work with suppliers globally. Human rights are addressed in our Code of Conduct for suppliers, which we are trying to reach out to an increasing number of suppliers. This is an item to be checked off the list when evaluating new suppliers and must be included in their contracts. Some subsidiaries monitor and inspect supplier workplaces. The Group is following the work of the Human Rights Due Diligence framework, including what it will entail and how it can help us improve our processes.

Objectives

In addition to the shared Group-wide objectives, Seafire is also addressing the need for each subsidiary to prepare its own materiality analysis. This is because our subsidiaries operate in different industries. As a result, they face different challenges and opportunities and consequently need to set sustainability goals specifically linked to their operations. We also view the subsidiaries preparing their own analysis and plans for the future as an important part of maintaining an entrepreneurial spirit and being consistent with our decentralized business model.

Seafire ESG

To encourage its subsidiaries to make changes, Seafire presents the annual 'Seafire ESG' award to recognize their commitment to sustainability. The award is important in terms of recognizing good performance in this area within the Group and inspiring other subsidiaries. The most recent winner of the award was Pexymek, which, following the arrival of a new CEO and a change of ownership, has managed in a short time to achieve ISO certification, improve its processes and develop a clear sustainability focus.



Monitoring

	Targets	2023
Sustainable Value Chain		
Percentage of companies whose main suppliers have signed the Code of Conduct	100	69
Percentage of companies that measure purchases from certified suppliers	100	15
Number of cases of bribery, corruption or human rights violations	0	0
Number of incidents reported using the whistleblowing function	-	0
Emissions and energy consumption		
Percentage of ISO-certified companies in the Group (%)	100	64
Percentage of companies that have mapped their climate impact (%)	100	31

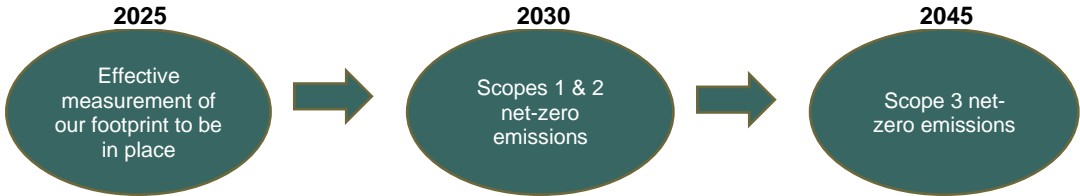
Our work in the area of 'Sustainability management' focuses on contributing to the following UN Sustainable Development Goals:



Environmental sustainability

Group-wide objectives

Seafire's clear objective is to reduce our emissions in line with the Paris Agreement and thus contribute to achieving the Sustainable Development Goals:



Where we are today

Our subsidiaries are engaged in different types of activities, which means they are all at different stages in their work on sustainability. Seafire has always valued sustainability highly and worked in sustainable ways, but is relatively new to the process of reliably measuring emissions data at Group level. In 2023, we improved the procedure for reporting emissions data, updated our calculation basis to comply with the GHG Protocol and began evaluating how to effectively measure our footprint. We will continue this work in 2024, while each subsidiary conducts its own analysis of how to reduce its footprint and set targets based on the Group's goal of net-zero scope 1 and 2 emissions by 2030. More information on target-setting can be found on page 16.

Thor Ahlgren's work to measure carbon footprint per item

Thor Ahlgren specializes in processes such as punching, pressing and laser-cutting steel for customers in the industrial and transportation sectors with stringent demands and high expectations. The company has a long history of focusing on sustainability and of commitment to this area. They began their sustainability journey in 2003 when they were certified to ISO 14001, and they have since been certified to ISO 9001 and IATF 16949.

As Thor Ahlgren is a supplier to major customers in high-emission industries, existing customers make demands regarding sustainability issues, particularly where environmental issues are concerned. It is expected that there will soon be a requirement to be able to offer their services to their existing clientèle.

For this reason, it is positive that Thor Ahlgren has worked proactively on these issues and already performed manual calculations of their carbon footprint per item. In 2024, the company is aiming to automate this calculation process via their business system by recording information relating to the manufacturing process. This will include energy consumption, production capacity per machine and which machines and to what degree each machine is involved in the manufacturing process of an item.

Based on this information, Thor Ahlgren will be able to automate the calculation of their carbon footprint both per item and for the entire product range, which will be a key factor in meeting the future demands of its customers.



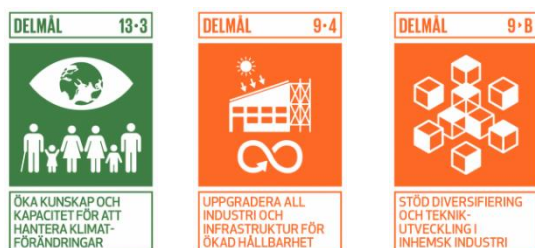
Agron Kelmendi, Thor Ahlgren.

Policy documents and monitoring

On January 27, 2023, Seafire adopted a new sustainability policy that sets the framework for the work of the Parent Company and subsidiaries relating to sustainability, as well as a minimum level for this work. For example, this document stipulates that the subsidiaries must draft their own sustainability analyses based on their activities, and that they must measure and monitor quantifiable indications and evaluate implemented processes. Where necessary, companies are also expected to create their own relevant policy documents to support this work.

	Targets	2023
Emissions and energy consumption		
Percentage of electricity consumed that is renewable (%)	100	49
Percentage of companies that have mapped their climate impact (%)	100	31
Percentage of companies that have a process in place for measuring and working to reduce waste and increase recycling (%)	100	62
Percentage of companies that have established individual objectives and work plans in line with the Group's guidelines (%)	100	0
CO ₂ e emissions for Scope 1 (tonnes)*	Annual reduction	128
CO ₂ e emissions for Scope 2 (tonnes) according to the Market Based	Annual reduction	208
Energy intensity (MWh/SEK m net sales)*	Annual reduction	4.61
Carbon dioxide intensity (total CO ₂ e/sales SEK m)*	Annual reduction	0.34
Sustainable Value Chain		
Percentage of companies that measure purchases from certified suppliers	100	15

Our work on 'Environmental sustainability' focuses on contributing to the following UN SDG targets:



Social sustainability

Sustainable organizations within Seafire

The most important asset in any organization is its employees. Through our decentralized management model, Seafire aims to maintain commitment, entrepreneurial spirit and accountability within its subsidiaries. As a result, we also believe in internal recruitment, both to offer our staff new career opportunities and skills development, and to retain talented employees within the Group.

Our subsidiaries currently monitor employee satisfaction through performance reviews and as our companies are relatively small in size, it is feasible to implement these with the entire workforce. Seafire also annually evaluates key figures related to employee turnover rate, sick leave, etc. As the Group grows, Seafire aims to establish regular employee surveys in order to more systematically obtain employees' views.

Safe workplace

Seafire aims to provide a safe and secure working environment for all its employees. It is important to be aware of all deviations relating to health and safety, so that we can make immediate changes.

The whistleblower function is available on our website, and we follow up on all incidents reported there. All our companies also have a formalized process for reporting accidents and incidents in their operations, which is an important step if Seafire is to discover such incidents.

Gender equality

Most of our subsidiaries operate in male-dominated industries in which Seafire can make a difference to diversity and gender equality. We are convinced that diverse teams are an important part of establishing a better working environment and contributing to success; hence, Seafire views employees from different backgrounds as a crucial element of achieving sustainable organizations.

The companies work continuously to ensure that all processes are free from direct and indirect discrimination, from recruitment and salary determination to the working environment. Our companies often use external recruitment services with expertise and experience in unbiased and inclusive recruitment. We have a long way to go, but we are aiming for an equal gender distribution.



Anna Mälstad och Gustav Kristensson at OPO Scandinavia.



SolidEngineer sells SolidWorks software, which is a 3D simulation and product development program.



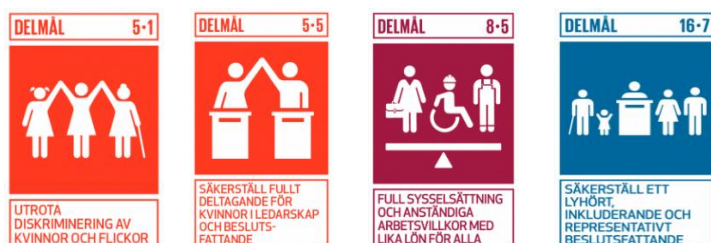
Åkerstedts Verkstad manufactures industrial fans. Here, the company is at the Elmia Subcontractor trade fair in Jönköping, Sweden.

Policy documents and monitoring

Along with our HR Policy, the Code of Conduct is the main policy document for social sustainability. The Group's policy documents also include requirements for additional policy documents tailored to the subsidiaries' activities, such as a staff manual for each subsidiary.

	Targets	2023
Gender equality		
Percentage of women on the Group Board of Directors (%)	40-60	33
Percentage of women on the Boards of subsidiaries (%)	40-60	10
Percentage of women in subsidiary management teams (%)	40-60	27
Percentage of women among all employees (%)	40-60	20
Employees		
Employee turnover rate (%)	<10	12
Percentage of sick leave (%)	<10	4
Number of reported incidents per 100 employees	0	6
Number of reported incidents leading to absence	0	14
Percentage of internally recruited CEOs in companies (%)	-	31
Sustainable Value Chain		
Percentage of employees who have signed the Code of Conduct (%)	100	65
Percentage of employees who have access to the whistleblowing function	100	100
Number of incidents reported using the whistleblowing function	-	0

Our work in 'Social sustainability' focuses on contributing to the following UN SDG targets:



Corporate governance report

Seafire AB (publ) is a Swedish public limited company, whose shares are traded on Nasdaq Stockholm. Seafire's registered office is situated in Stockholm, with the company's head office located at Mäster Samuelsgatan 9, 111 44 Stockholm. The Company's auditors have conducted a statutory review of the corporate governance report.

Responsibility for corporate governance in the form of management and control of the Group is shared between the shareholders at the general meeting, the Board of Directors with its committees, and the CEO. Seafire applies both external and internal governance instruments to ensure good corporate governance. External governance instruments include the Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the Code). Internal governance documents include the Articles of Association, the Board's rules of procedure and instructions for the CEO, the Audit Committee and the Remuneration Committee.

There have been no reported breaches of applicable stock exchange or marketplace regulations or contraventions of good practice in the securities market concerning the Company.

The structure and governance that Seafire applies is described below.

1. Shares and shareholders

The number of shares on December 31, 2023 amounted to 42,846,569, with the shareholders consisting of institutional owners, members of Seafire's Group management and a large number of private investors. There is only one class of shares, with equal voting rights and equal entitlement to the Company's profits and capital. The Company's ten largest shareholders on December 31, 2023 are as follows:

Shareholder	Voting rights
Creades	18.9%
Protector Forsikring	16.9%
Berenberg Funds	7.9%
Avanza Pension	6.6%
Cliens Fonder	4.4%
Johan Bennarsten	3.9%
Ica-handlarnas förbund finans	3.5%
Perpressa Invest	2.3%
Tord Lendau	2.3%
Nordnet pensionsförsäkring	2.1%
Other	31.3%
Total	100%

2. General meeting of shareholders

The general meeting of shareholders is Seafire's highest decision-making body and a forum for shareholders to exercise their influence over the Company. The ordinary general meeting, Seafire's annual general meeting, is held annually within six months from the end of each financial year. The AGM Resolutions on the following matters are adopted at the annual general meeting: adoption of Seafire's and the Group's income statement and balance sheet, appropriation of profit/loss for the year, election of Board members, discharge from liability for the Board and CEO, election of the auditor, Board fees, auditor's

fees, guidelines for remuneration of senior executives, any share-based incentive programs and other matters pursuant to the Swedish Companies Act. In addition, the meeting usually considers resolutions regarding authorization of the Board to decide on new share issues. Notice of the AGM must be given in accordance with the Articles of Association. Extraordinary general meetings may also be held in addition to the AGM.

Shareholders wishing to participate in a General Meeting must be listed as a shareholder in a printout or other presentation of the entire share register relating to the circumstances six banking days prior to the General Meeting, and must notify Seafire of their intention to participate no later than the date stated in the notice. This date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the General Meeting. In order to participate in a General Meeting, persons owning nominee-registered shares must, in addition to giving notice of participation, register the shares in their own name so that they are listed as a shareholder in the share register no later than four banking days before the General Meeting. Shareholders wishing to be registered as entitled to vote should notify their nominees in good time before this date. Shareholders may attend the AGM in person or by proxy and bring no more than two advisors.

2023 Annual General Meeting

Resolutions at the AGM held on April 26, 2023 at Seafire's head office, Mäster Samuelsgatan 9 in Stockholm, included election of the Board and auditor and the carryforward of profit for 2022. The AGM also resolved to authorize the Board to decide on new share issues corresponding to not more than the number of shares permitted under Seafire's Articles of Association. Minutes of the AGM are available at www.seafireab.com.

Extraordinary General Meeting, November 2023

At the Extraordinary General Meeting held on November 16, 2023, Anders Hillerborg (Creades) was elected as a new Board member. Minutes of the meeting are available at www.seafireab.com

2024 Annual General Meeting

Seafire's 2024 AGM will be held on Wednesday, April 24, 2024 at Cecil Coworking, Norrlandsgatan 10. Notice of the meeting, including the agenda, is available at www.seafireab.com

3. Nomination Committee

The Nomination Committee consists of the Company's Chairman of the Board and a representative of each of the three largest shareholders as of September 30, 2023. The Nomination Committee's duties include preparing a decision-support material for election of Board members, the Chairman of the Board and the auditor, and their associated remuneration. The Nomination Committee prior to the 2024 AGM consisted of Daniel Albin (Creades), Jonas Backman (Protector Forsikring), Carl Sundblad (Cliens Fonder) and the Company's Chairman of the Board Joachim Berner. Daniel Albin is Chairman of the Nomination Committee.

As part of the process of drawing up proposals for the 2024 AGM, the Nomination Committee held five minuted meetings. In its work, the Nomination Committee took into account the requirement to strive

for an equal gender balance on the Company's Board. The Nomination Committee applies Rule 4.1 of the Swedish Corporate Governance Code as its diversity policy when preparing its proposal for the election of Board members. The Nomination Committee has presented its Board proposals for the 2024 AGM in the notice of the meeting and on www.seafireab.com.

The Nomination Committee's proposals for the 2024 AGM and an account of the work of the Nomination Committee are available in the notice of the 2024 AGM and on Seafire's website.

Proposals for the 2024 AGM include a resolution to authorize the Board of Directors to decide on the repurchase of shares. The proposal is presented in full in the Notice of the 2024 AGM, which is available on Seafire's website.

4. Board of Directors

In accordance with Seafire's Articles of Association, the Board must consist of a minimum of three and a maximum of eight members. The Articles of Association do not contain any provisions concerning the appointment and dismissal of Board members, or amendments to the Articles of Association. Board members and the Chairman of the Board are elected by the AGM.

The Board is responsible for the Company's organization and managing the Company's affairs in the interests of the Company and all shareholders, and for promoting and safeguarding a good corporate culture. The Board's responsibilities and work are governed by external laws and rules, as well as internal governing documents, including Seafire's Articles of Association and the rules of procedure for the Board. The AGM can also issue instructions with which the Board must comply.

The rules of procedure for the Board describe the Board's tasks and responsibilities, the work of the Board, including the responsibilities of the Chairman, and the tasks that have been delegated to the Board's committees, and set an annual calendar for the Board's meetings. The rules of procedure are reviewed and adjusted annually or when necessary. In accordance with the rules of procedure, the Board must meet on at least six occasions per year, in addition to the inaugural Board meeting.

The Board fees are determined at the AGM. The fees for 2023 were SEK 157 thousand for non-executive Board members and SEK 210 thousand for the Chairman of the Board.

The Board has, among other things, issued instructions for the CEO, which include a specification of matters requiring the approval of the Board, and instructions on financial reporting to the Board.

Independence

The Board is considered to fulfill the requirements for independence under the Code that a majority of the Board members are independent of the Company and its management and at least two of its members are also independent of the Company's major shareholders (see the Board presentation below).

The work of the Board in 2023

The CEO, CFO and business area managers attend Seafire's Board meetings in a reporting capacity. Other employees attend when necessary. During the year, the Board held six ordinary and 24 extraordinary meetings (including Board meetings held per capsulam). Board members were present at Board meetings as listed below.

Board member	Number of meetings
Joachim Berner	26/26
Lennart Jacobsson	25/26
Louise Nicolin	26/26
Marcus Söderberg	26/26
Stina Wollenius (elected April 26, 2023)	15/15
Anders Hillerborg (elected Nov 16, 2023)	3/3

Between Board meetings, regular contact has taken place between the Company, its Chairman and other Board members. The members have been provided with important information about the Company and the business on a continuous basis.

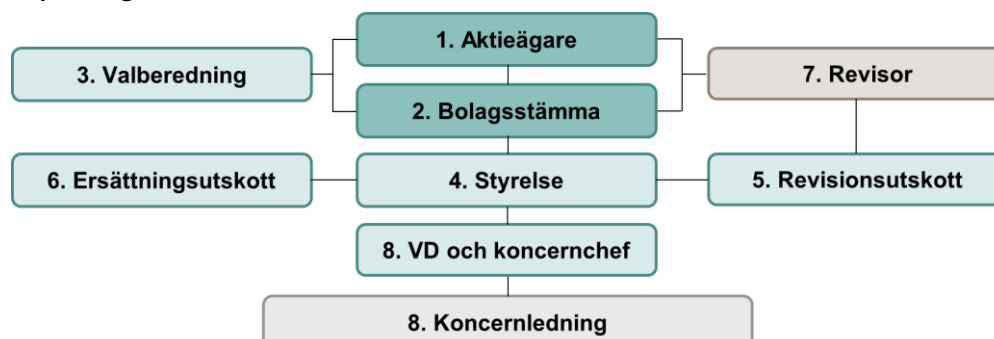
During 2023, the work of the Board included the following:

- Approval of company acquisitions
- Issue and allotment of shares in connection with company acquisitions
- Refinancing of outstanding corporate bonds through the raising of bank loans
- Approval of financial statements
- Preparations for the admission to trading of Seafire's shares on Nasdaq Stockholm, including but not limited to adoption of new governing documents for the Group and implementation of new internal control and risk management frameworks
- Work relating to the measurement of goodwill and analysis of impairment tests

Evaluation of the work of the Board

The Chairman of the Board is responsible for annually evaluating the work of the Board with the aim of developing its procedures and effectiveness. The results of this evaluation are communicated to the Board and reported to the Nomination Committee. In March 2023, the Chairman of the Board arranged for an external evaluation of the work of the Board to be carried out, with the results being presented to the Board.

Seafire's corporate governance structure



Members of the Board of Directors



Joachim Berner, born 1962
Chairman of the Board since 2016



Anders Hillerborg, born 1982
Board member since 2023



Lennart Jacobsson, born 1955
Board member since 2016

Shareholding ¹	63,874	103,840	99,321
Other assignments	Chairman of the Board of Christian Berner Tech Trade AB (publ), Gårdaverken AB and Konstab. Board member of Njuice AB and Berner Fastighets AB.	Investment Manager at Creades AB (publ), Board member of Chassi Group AB.	Chairman of the Board of MyVox AB and Hypex Bio Explosives Technology AB. Board member of Saminvest AB and Metronor Holding AS. CEO of Bobtail Nordic Pharma AB.
Background	CEO and Editor-in-Chief of Dagens Nyheter, Editor-in-Chief of Expressen and CEO of Lowe Brindfors. MBA, School of Economics, University of Gothenburg.	Equity research analyst and partner at ABG Sundal Collier. Board member of INET Group AB and Global Batterier AB. M.Sc., Stockholm School of Economics.	Active in the venture capital industry since 1982, first as an employee of Svetab and later as co-founder of Euroventures Management AB and co-founder of Swedestart Management AB. Master in Economic Sciences, Uppsala University.
Independent of the Company	Yes	Yes	Yes
Independent of major shareholders	Yes	No	Yes



Louise Nicolin, born 1973
Board member since 2020



Marcus Söderberg, born 1983
Board member since 2022



Stina Wollenius, born 1979
Board member since 2023

Shareholding ¹	-	23,060	-
Other assignments	Chairman of the Board of Sensum AB and Board member of VBG Group AB (publ), Optinova Group Ab, Enzymatica AB (publ) and Atteviks Bil AB.	Group CFO of Herenco AB.	Owner and Board member of Wos Invest AB and owner and Chairman of the Board of Glasgruppen i Sverige AB. Chairman of the Board of Svensk Planglasförening and Board member of Christian Berner Tech Trade AB. Board member of Produktionslyftet and member of the Sustainability Committee for Glass for Europe.
Background	Consultancy activity at Nicolin Consulting AB. Previously Business Area Manager at PlantVision. M.Sc. Engineering in Molecular Biotechnology, Uppsala University, MBA, Stockholm University, and IDP-c, Insead, France.	CFO of BUFAB, Chairman of the Board and CEO of Bufab International AB. Auditor at EY, many senior roles within Bufab, including Finance Manager. Master of Economic Sciences, Växjö University.	CEO and entrepreneur within building construction and as a management consultant. CEO of Glasgruppen AB and AB Klaes Jansson.
Independent of the Company	Yes	Yes	Yes
Independent of major shareholders	Yes	Yes	Yes

1) Shareholding, December 31, 2023

Board committees

The Board of Directors has established an Audit Committee and a Remuneration Committee. The work of the committees is primarily preparatory and advisory in nature, although in special cases, the Board may also delegate decision-making authority to the committees. The committees are subordinate to the Board and do not discharge the Board members from their general responsibilities and tasks as Board members.

The matters that are brought up at the committees' meetings must be minuted and the minutes must normally be submitted to the Board for information at the next Board meeting, along with a verbal presentation by the chairman of the committee concerned.

5. Audit Committee

The principal tasks of the Audit Committee include monitoring Seafire's financing reporting and submitting recommendations and proposals to safeguard the reliability of the reports. The tasks also include monitoring the effectiveness of the Group's internal control, internal audit and risk management, both generally for the business operations and specifically with regard to financial reporting. The tasks also entail the Audit Committee keeping itself informed concerning the external audit of the annual report for the Company and the Group, and concerning the conclusions of Revisorsinspektionen's quality controls. As part of this, the Audit Committee must inform the Board of the results of the external audit, how the external audit contributed to the reliability of the financial report and the role that the Audit Committee played. The principal tasks of the Audit Committee also include reviewing and monitoring the impartiality and independence of the external auditor and, in connection with this, paying particular attention to whether the external auditor provided the Group with services other than auditing, and assisting the Nomination Committee with the preparation of proposals for the AGM's resolution on electing an external auditor.

The Committee must consist of at least three Board members. During 2023, the Committee consisted of:

- Lennart Jacobsson (Chairman)
- Joachim Berner
- Marcus Söderberg
- Anders Hillerborg

The Audit Committee's meetings are attended by Seafire's CEO and CFO in addition to the Committee's members. During 2023, the Audit Committee held nine meetings, which the members attended as follows.

Audit Committee	Number of meetings
Lennart Jacobsson	9/9
Joachim Berner	9/9
Marcus Söderberg	8/9
Anders Hillerborg (elected Nov 16, 2023)	0/0

6. Remuneration Committee

The principal tasks of the Remuneration Committee include preparing the Board's decisions with regard to

matters concerning guidelines for remuneration and other employment conditions for senior executives. The tasks also include monitoring and evaluating any programs for variable remuneration of senior executives that are either ongoing or were concluded during the year and, after remuneration guidelines have been adopted by Seafire's AGM, monitoring and evaluating application of the guidelines for the remuneration of senior executives with regard to remuneration structures and levels within Seafire. The principal tasks of the Remuneration Committee also include preparing and submitting to the Board, no later than the Board meeting in February each year, a remuneration report in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, and a report on the Committee's monitoring and evaluation of programs for variable remuneration of senior executives that are either ongoing or were concluded during the year, and of the application of the guidelines for the remuneration of senior executives assuming that such guidelines are adopted by the AGM.

The Committee must comprise at least two Board members. During 2023, the Committee consisted of:

- Joachim Berner (Chairman)
- Louise Nicolin

The Company's CEO and CFO attend the Remuneration Committee's meeting (except for decisions directly concerning their own remuneration). During 2023, the Remuneration Committee held one minuted meeting. There were no absences from this meeting.

7. Auditor

The external auditors' tasks are to assess whether Seafire's annual report and consolidated financial statements have been prepared in accordance with the Annual Accounts Act and IFRS, and to examine the administration of the Company. The external audit of the financial statements of Seafire AB, including the administration by the Board and the CEO, is performed in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. The auditor is appointed by the AGM following a proposal from the Nomination Committee and is elected for the period up to the next AGM.

At the 2023 AGM, the audit firm BDO Mälardalen AB (BDO) was appointed as the Company's auditor until the next AGM. BDO has appointed Johan Pharmanson as principal auditor and Hanna Sewén as signatory auditor.

8. Chief Executive Officer, Group management and operational model

The CEO is appointed by the Board and leads Seafire's operations in accordance with the Board's instructions to the CEO and any other directives issued by the Board. Seafire applies decentralized governance of the subsidiaries, which enables a high level of entrepreneurship and means that day-to-day decisions are made with limited involvement from the Group management. Seafire creates long-term opportunities for change and development through the exchange of experience and active coaching.



Jacob Persson, born 1986
Acting CEO since 2024 and CFO since 2021.

Anders Martinsson, born 1968
Business Area Manager since 2023.

Shareholding in Seafire ¹	1,100	65,000
Warrants	200,000	-
Other assignments	-	Chairman of the Board of Madja Invest AB
Background	Head of Group Business Control & Investor Relations, Ambea, M.Sc. Finance, Lund University School of Economics and Management.	Leading positions in the industry since 1994 and a broad international background. Positions have included Director of Business Development at Indutrade, CEO of WILO Nordic and President of BE Group. In the four years prior to joining Seafire, Anders was interim CEO of companies such as Swisslog AB, Nolek AB and Dofab AB.

1) Shareholding, December 31, 2023

Internal control and risks

During 2023, Seafire implemented a number of procedures and control activities to ensure reliable and relevant reporting in accordance with IFRS, applicable laws and rules, as well as other requirements applicable to companies whose shares or debt instruments are listed on Nasdaq Stockholm.

Seafire's internal control is based on the COSO international framework, which describes the work based on the following five components: control environment, risk assessment, control activities, information and communication, and monitoring. Based on these components, Seafire has structured the work relating to internal control in order to manage the risks that arise within the business and to help Seafire achieve the goals and results that are sought.

The control environment that has been established consists of governing documents, processes and structures which lay the foundations for management of internal control within the organization. Work on ensuring effective and high-quality internal control continues throughout the financial year. The Board is responsible for internal control in accordance with the Swedish Companies Act, while the CEO is primarily responsible for the day-to-day maintenance of the control environment. The CEO has delegated operational responsibility for internal control and risk management to the Company's CFO. The control environment benefits from a strong corporate culture and transparent and relevant follow-up, with the subsidiaries' CEOs playing an important role.

An evaluation of the financial reporting and its risks is carried out annually. These risks are evaluated both quantitatively and qualitatively through the following parameters: materiality, complexity, error history and fraud risk. Control activities have been established in order to mitigate identified risks. The aim of the control activities is to ensure that identified risks are managed in an appropriate manner and that the risk of errors in the execution of the activity is limited. The controls are divided into company-wide controls, process-related controls and general IT controls. Self-evaluation for the mapping of any deficiencies in the design or execution of the controls is carried out regularly by all companies within the Group, and the results are reported to the Audit Committee.

The efficient flow of communication between the Board, management and the Group's employees is a requirement for good internal control. Seafire's procedures and systems for external information and communication are intended to provide the market with relevant, reliable, accurate and updated information concerning the Group's development and financial position. Good internal control is ensured through monthly reporting by subsidiaries, combined with regular follow-up via each subsidiary's board and subsequent reporting to Seafire's Board.

Parallel to the work to ensure good internal control within Seafire, the Board also annually evaluates the need to establish a separate internal audit function. Based on the Audit Committee's evaluation of this matter and its recommendation, the Board has decided not to establish a separate internal audit function.

Consolidated income statement¹

SEK million	Note	2023	2022 restated
Net sales	G3, G4	1,000	851
Other income	G5	42	36
Total		1,042	887
Change in work in progress		-80	-19
Merchandise		-470	-460
Other external expenses	G6	-146	-103
Personnel costs	G7	-233	-178
Other operating expenses		-3	-3
Depreciation, amortization and impairment	G12-14	-97	-43
Total operating expenses		-1,029	-806
Operating profit/loss		13	81
Finance income	G8	12	6
Finance costs	G8	-71	-59
Profit/loss before tax		-46	28
Taxes	G9	-4	-16
Profit/loss from continuing operations		-50	12
Profit/loss from discontinued operations	G10	-23	2
Profit/loss for the year		-73	14
Profit/loss attributable to:			
Parent Company shareholders		-73	14
Earnings per share			
Continuing operations			
Basic earnings per share, SEK	G11	-1.17	0.41
Diluted earnings per share, SEK		-1.17	0.39
Continuing operations & Discontinued operations			
Basic earnings per share, SEK		-1.72	0.49
Diluted earnings per share, SEK		-1.72	0.47

1) The comparative figures have been restated. See Note G27 for more information.

Consolidated statement of comprehensive income¹

SEK million	2023	2022 restated
<u>Continuing operations</u>		
Profit/loss for the period	-50	12
Other comprehensive income	-	-
Comprehensive income for the period, continuing operations	-50	12
<u>Continuing & discontinued operations</u>		
Profit/loss for the period	-73	14
Other comprehensive income	-	-
Comprehensive income for the period	-73	14
Comprehensive income for the period attributable to:		
Parent Company shareholders	-73	14

1) The comparative figures have been restated. See Note G27 for more information.

Consolidated balance sheet¹

SEK million	Note	2023	2022 restated
Non-current assets			
Goodwill	G12	658	648
Other intangible assets	G12	67	74
Property, plant and equipment	G13	141	127
Right-of-use assets	G14	38	35
Deferred tax assets	G15	-	2
Other financial assets amounted to		4	2
Total non-current assets		908	888
Current assets			
Inventories	G16	230	216
Trade receivables	G17, G22	92	115
Tax assets		10	8
Other current receivables	G18	9	4
Prepaid expenses and accrued income	G19	44	50
Cash and cash equivalents	G20	46	468
Total current assets		431	861
TOTAL ASSETS		1,339	1,749
Equity			
Share capital		7	7
Other contributed capital		849	845
Warrants		2	2
Retained earnings, including profit/loss for the year		-141	-68
Total equity	G21	717	786
Non-current liabilities			
Deferred tax liabilities	G15	45	40
Bonds	G22	-	596
Non-current liabilities to credit institutions	G22	193	4
Non-current lease liabilities	G22	19	19
Other non-current liabilities	G23	28	23
Total non-current liabilities		285	682
Current liabilities			
Current liabilities to credit institutions	G22	41	-
Advances from customers		3	5
Trade payables	G22	61	70
Current tax liabilities		6	8
Current lease liabilities	G22	18	14
Other current liabilities	G22	105	72
Accrued expenses and deferred income	G24	103	112
Total current liabilities		337	281
Total liabilities		622	963
TOTAL EQUITY AND LIABILITIES		1,339	1,749

1) The comparative figures have been restated. See Note G27 for more information.

Consolidated statement of changes in equity¹

SEK million	Attributable to Parent Company shareholders				Total equity
	Share capital	Warrants	Other contributed capital	Retained earnings, including profit for the year	
Opening balance, Jan 1, 2022	3	-	297	-81	219
Comprehensive income for the period	-	-	-	14	14
New share issue	4	-	569	-	573
New share issue expenses	-	-	-22	-	-22
Incentive program	-	2	-	-	2
Closing balance, Dec 31, 2022 (restated)	7	2	845	-68	786
Opening balance, Jan 1, 2023	7	2	845	-68	786
Comprehensive income for the period	-	-	-	-73	-73
New share issue	-	-	5	-	5
New share issue expenses	-	-	-1	-	-1
Incentive program	-	-	-	-	-
Closing balance, Dec 31, 2023	7	2	849	-141	717

1) The comparative figures have been restated. See Note G27 for more information.

Consolidated statement of cash flows¹

SEK million	Note	2023	2022 restated
<u>Cash flow from operating activities</u>			
Profit/loss before tax		-69	30
of which interest received	G8	4	1
of which interest paid	G8	-54	-45
Adjustment for non-cash items	G25	100	20
Tax paid		-19	-24
Cash flow from operating activities before changes in working capital		12	26
<u>Cash flow from changes in working capital</u>			
Change in inventories		21	-38
Change in current receivables		52	-7
Change in current liabilities		-5	-41
Cash flow from change in working capital		68	-86
Cash flow from operating activities		80	60
<u>Cash flow from investing activities</u>			
Business combinations	G26	-81	-367
Investments in intangible assets	G12	-2	-2
Investments in property, plant and equipment	G13	-9	-17
Divestment of financial assets		-	14
Cash flow from investing activities		-92	-372
<u>Cash flow from financing activities</u>			
New share issue	G28	-	572
New share issue expenses		-1	-22
Premiums for incentive program		-	2
Proceeds from borrowings		250	207
Repayment of borrowings		-641	-11
Change in bank overdraft facilities		-	-9
Change in lease liabilities		-18	-15
Cash flow from financing activities		-410	724
Total cash flow		-422	292
Cash and cash equivalents at start of period		468	176
Cash and cash equivalents at end of period		46	468

1) Cash flow is recognized inclusive of discontinued operations. See Note G10 for cash flow from discontinued operations.

Notes to the consolidated financial statements

Note G1. Accounting policies

Note G1.1 Basis of preparation

The consolidated financial statements for Seafire AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRIC, the Swedish Annual Accounts Act and RFR 1.

The key accounting policies applied in preparing these consolidated financial statements are described in each note. Unless stated otherwise, these policies have been applied consistently for all presented years.

This annual report was approved for publication by the Board on April 2, 2023, and will be submitted for adoption at the Parent Company's Annual General Meeting on April 24, 2023.

Note G1.2 Significant estimates and judgments

The Group's financial reports are partly based on estimates and judgments, which are based on what is known at the time of submission of the annual report. Estimates and judgments may be subsequently revised for reasons such as changes in external factors. Estimates and judgments are based on experience and assumptions, which determine the value of assets and liabilities that cannot be determined in any other way. Estimates and judgments are regularly reviewed and are based on historical experience and other factors, including the expected outcomes of future events that are considered to be reasonable under the circumstances.

Areas involving a high degree of assessment or which are complex, and areas in which assumptions and estimates are material to the consolidated financial statements, are described below and in the respective notes.

Climate-related risks

The potential effects of climate change were taken into account during the preparation of the financial statements. For the 2023 financial year, no climate-related risks of material importance were identified.

Management have carefully reviewed each item in the income statements and balance sheets and identified the areas that could be significantly affected by climate-related risks. They have also analyzed how these risks can be managed. The risks that are considered to potentially have an impact on the Group in the future are:

(a) Merchandise and other external expenses
Replacement of suppliers linked to sustainability (e.g. suppliers that monitor their carbon footprint) may have a negative effect on the item. There is also a risk of climate-related issues affecting assets and the prices of energy, raw materials, etc., which would entail higher costs for the Group. Climate change may also cause disruption to both production and distribution, which would also affect our procurement costs.

(b) Inventories

As customer attitudes and consumer behavior shift towards more sustainable products, there is a risk that the selling price of other products and demand for them will fall, which would result in inventory obsolescence.

(c) Goodwill and other intangible assets
Future investments linked to sustainability could affect the forecasts that form the basis for impairment testing of goodwill and other surpluses.

The risks that are most relevant for the Group are presented above. For more information on the Group's approach to the above risks and opportunities relating to the climate transition, see our sustainability report on page 12.

Financing needs

Assessments of the Group's financing needs are primarily based on cash flow forecasts. The Board and Group management continuously make assessments and estimates of the factors that affect cash flow. Because these assessments and estimates concern future events which cannot be predicted, the actual outcome may differ.

Note G1.3 New and future IFRS standards

The amendment to IAS 1 concerning accounting policy information has had an effect on Seafire's 2023 annual report. During the 2023 financial year, all accounting policy information was revised so that only material accounting policies are described, in accordance with the amendment to IAS 1. No other amendments to standards effective for the 2023 financial year have had any significant effect on the financial statements.

A number of amendments to standards are effective for annual reporting periods beginning on or after January 1, 2024 and these have not been applied during the preparation of this financial report.

- IFRS 16 – Lease Liability in a Sale and Leaseback
- IAS 1 – Classification of Liabilities as Current or Non-current
- IAS 7 – Supplier Finance Arrangements

The Group does not believe that these amendments will have any significant effect on the financial statements.

Notes G1.4 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all companies over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Identifiable assets acquired, liabilities assumed and contingent liabilities in a business combination are initially measured at the acquisition date fair value, regardless of the extent of any non-controlling interest. There are no non-controlling interests as of the reporting date. The excess of the cost over the fair value of the Group's share of identifiable assets acquired and liabilities and contingent liabilities assumed is recognized as goodwill.

Note G1.5 Foreign currency translation

(a) Functional currency and presentation currency

Items included in the financial statements for the various entities in the Group are measured in the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements use the Swedish krona (SEK), which is the functional currency of the

Parent Company and all subsidiaries and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date or the date when the items are remeasured. Exchange gains and losses resulting from the settlement of such transactions, and from the

translation of monetary assets and liabilities denominated in foreign currencies at the closing rate, are recognized in profit or loss. Exchange gains and losses that relate to borrowings and cash and cash equivalents are recognized in profit or loss, within finance income and finance costs.

Note G2. Financial risk management

Financial risk factors

In the course of its operations, the Group is exposed to a variety of financial risks: credit risk, currency risk, cash flow and liquidity risk, capital risk and interest rate risk

Framework for financial risk management

The Group's financial policy for financial risk management has been formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financing activities. Responsibility for the Group's financial transactions and risks is managed centrally by the Parent Company. The overall objective is to provide cost-effective financing and minimize adverse effects on the Group's financial performance resulting from market risks. The CEO and finance function in the subsidiaries report regularly to the Group's CFO.

Credit risks

The risk of the Group not receiving payment for its trade receivables constitutes a low credit risk. The Group carries out credit checks on its customers, obtaining information on their financial position from various credit reference agencies. Impairment of trade receivables is based on the simplified approach permitted by IFRS 9, which uses full lifetime expected credit losses for the remaining contract. See Note G17 for more information on the calculation of the credit loss allowance. Impairment testing is initially handled at company level, with an assessment of the allowance based on customer knowledge and a provision matrix. Impairment testing is then handled at Group level to ensure that allowance has been made for a sufficient percentage of the trade receivables based on expected default risks.

There are not considered to be any other significant credit risks. The credit risk in our bank balances is minimal, as Seafire only uses Danske Bank with a good credit rating.

Currency risk

Certain subsidiaries within the Group make purchases in currencies other than SEK and a few have sales in currencies other than SEK. The Group's single largest currency exposure is to USD. The currency exposure is linked to purchases of goods and products from Asia by Seafire's subsidiaries. Local prices in Asia are largely determined on the basis of the USD rate. The subsidiaries' CEOs and finance functions closely monitor exchange rate developments and manage the risk in accordance with Seafire's financial policy on currency management and hedging.

For example, a 10% reduction in the value of the Swedish krona against the US dollar on 31 December 2023 (all other factors remaining constant) would result in a decline of approximately SEK 7 million in the Company's profit. This is primarily linked to the fact that

about 30% of the Group's purchases are in USD, although some sales are also in USD.

Cash flow and liquidity risks

Cash flow forecasts are prepared by the Group's operating entities and liquidity is continually monitored to ensure that the Group has sufficient cash and cash equivalents to meet the needs of its operating activities in accordance with the Company's financial policy. Group management also monitors rolling forecasts for the Group's liquidity, which consists of cash and cash equivalents and unused loan commitments (overdraft facilities), on the basis of expected cash flows. See Note G22 for a maturity analysis and a description of the loans' conditions. Liquidity risk is considered to be low, as facilities are available to strengthen liquidity and careful monitoring is carried out.

Capital risk

The Group's capital structure objectives are to safeguard the Group's ability to continue as a going concern, so that it can generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal structure in order to keep the cost of capital down. This may change in the event of an acquisition if, for example, the acquired company has a higher debt-equity ratio.

Interest rate risk

The Company has secured bank financing of SEK 230 million with a term of two years from March 27, 2023, with an extension option for a further year. Interest is calculated based on a variable coupon of 3-month STIBOR plus a spread depending on the loan-to-value ratio, with quarterly interest payments. Based on interest-bearing liabilities on December 31, 2023, an interest rate increase of 1 percentage point would result in an increase in interest expenses of SEK 3 (6) million per year. Interest rate hedging is not used. The average interest rate on bank loans during 2023 was 6.9%.

Interest-bearing liabilities and debt/equity ratio

SEK million	2023	2022
Interest-bearing liabilities	271	638
Less cash & cash equivalents	-46	-468
Net debt	225	170
Total equity	717	786
Net debt/Equity	31%	22%
Total liabilities	622	962
Equity	717	786
Debt/equity ratio	0.87	1.22

Note G3. Revenue recognition

ACCOUNTING POLICIES

The Group's revenue is recognized in accordance with IFRS 15, i.e. revenue is recognized when the customer gains control over the goods or services. This can take place either through the Group's performance obligation being satisfied over time or at a point in time. Seafire's revenue largely consists of revenue for which the performance obligation is transferred to the customer at a point in time (upon delivery of the goods). Revenue for the delivered goods is recognized in the period in which they are transferred to the customer and at the amount that the subsidiary is entitled to invoice the customer under the contract. Within Seafire's Industry segment, contracts are primarily reached via an offer-acceptance procedure based on an established or agreed price list. Within Seafire's Product segment, contracts are primarily reached via an order procedure based on an established price list.

A certain proportion of the Group's revenue consists of revenue for which the performance obligation is satisfied over time (the full term of the contract). The revenue is then accrued over the term of the agreement at the amount that the subsidiary is entitled to invoice the customer under the contract. This revenue is distributed evenly over the term of the contract, as the performance obligations arise evenly over this period. The table below shows the proportion of the Group's revenue for which the performance obligation is satisfied over time and the proportion satisfied at a point in time.

Revenue is recognized net of value added tax and returns, and after elimination of intra-Group sales. Revenue is measured at the fair value of the consideration received or receivable for goods and services sold through the Group's operating activities.

Timing of revenue recognition	Industrial components	Products	Group
Over time	-	57	57
At a point in time	680	263	943
Total 2023	680	320	1,000
Over time	-	42	42
At a point in time	553	256	809
Total 2022	553	298	851

Sales by customer type	Industrial components	Products	Group
Private individuals	-	118	118
Company	680	202	882
Total 2023	680	320	1,000
Private individuals	-	141	141
Company	553	157	710
Total 2022	553	298	851

Deferred income linked to customer contracts	2023	2022
Opening carrying amount	65	-
Acquisitions and divestments	-	-
New contracts during the year	52	107
Recognized portion of opening and new contracts	-57	-42
Exchange differences	-	-
Closing carrying amount	59	65

Remaining customer contracts that are unsatisfied or partially unsatisfied as of December 31, 2023 amount to SEK 59 (65) million. Of these, SEK 39 million is expected to be recognized as revenue during the next financial year, SEK 15 million during 2025 and SEK 5 million during 2026-2027.

Note G4. Segment information

ACCOUNTING POLICIES

Operating segments are reported in a way which corresponds to the internal reporting to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for the allocation of resources and assessment of the operating segments' results. For the Group, this function has been identified as the CEO.

The Group's operations are organized in and managed on the basis of the following business areas: Industrial Components and Products. Management use net sales and operating profit to make decisions on the allocation of resources, results analysis and assessment of the segments' performance. Net sales by segment concerns revenue from external customers. During the reporting period, no customer accounted for more than 10 (10) percent of the Group's net sales. Finance income, finance costs, Board expenses and income tax are handled at Group level. The segments are reported exclusive of invoiced management fees and in accordance with the subsidiaries' accounting policies. In addition to the business segments, the tables also include IFRS adjustments and Group-wide. IFRS adjustments concern accounting Group adjustments relating to the IFRS regulations, e.g. attributable to leasing or impairment of goodwill. Group-wide concerns the holding company with Group-wide costs (financing costs, insurance costs, etc.). Of the goodwill impairment for the year, SEK 11 million is attributable to Industrial Components and SEK 49 million to Products.

Net sales by segment	2023	2022	Goodwill by segment	2023	2022
Industrial Components	680	553	Industrial Components	467	406
Products	320	298	Products	191	242
Total	1,000	851	Total	658	648
Net sales by geographical area	2023	2022	Depreciation/amortization by	2023	2022
Sweden	739	618	Industrial Components	22	16
Nordic region (excl. Sweden)	145	98	Products	11	6
Europe (excl. Nordic region)	109	120	IFRS adjustments	63	20
World (excl. Europe)	7	15	Group-wide	1	1
Total	1,000	851	Total	97	43
Operating profit/loss by segment	2023	2022	Investments by segment	2023	2022
Industrial components	75	77	Industrial Components	8	17
Products	7	16	Products	2	2
IFRS adjustments	-34	10	IFRS adjustments	-	-
Group-wide	-35	-23	Group-wide	1	-
Operating profit/loss	13	81	Total	11	19
Net financial items	-59	-53			
Profit/loss before tax	-46	28			
Non-current assets by segment	2023	2022			
Industrial components	100	91			
Products	21	28			
IFRS adjustments	774	768			
Group-wide	3	1			
Total	908	808			

Note G5. Other income

SEK million	2023	2022
Exchange gains	3	2
Remeasurement of contingent consideration ²	28	30
Government assistance	5	1
Other	6	3
Total	42	36

1) Contingent consideration is variable and based on the actual outcome of EBIT/EBITDA. They are regularly remeasured according to the actual outcome and forecast for the future EBIT/EBITDA result.

Note G6. Remuneration of auditors

Audit engagement refers to the statutory audit of the annual report and accounting records, the administration of the Board of Directors and the CEO, and other auditing and carried out by agreement or contract. This includes other tasks that the Company's auditor is required to perform and advice or other assistance arising out of observations made in connection with such auditing or the performance of such tasks. Other services refers to advice on accounting issues, divestments and acquisitions of operations, and processes and internal controls. BDO Mälardalen AB are the Company's auditors.

SEK million	2023	2022
Audit engagement (BDO)	4	2
Tax advisory services	-	-
Other services	-	-
Total	4	2

Note G7. Salaries and other remuneration

ACCOUNTING POLICIES

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to terminating the employment of employees according to a detailed formal plan without the possibility of withdrawal, or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits that mature more than 12 months after the reporting date are discounted to their present value.

Profit-sharing and bonus plans

The Group has variable remuneration for employees within marketing and sales, which are based on financial performance and sales growth. The Group recognizes a liability and a cost for these programs when it has a legal or constructive obligation to make such payments in exchange for services performed by employees and a reliable estimate of the obligation can be made.

Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognized as an expense when the related services have been performed.

Other post-employment benefits

The Group does not provide any post-employment benefits to employees other than a pension.

Pension obligations

Group companies have pension plans for all employees. The plan consists of ITP 1 and ITP 2. Employees born in or after 1979 are covered by ITP 1, while employees born in or before 1978 are covered by ITP 2. ITP 1 is a defined-contribution pension plan and ITP 2 is a defined-benefit pension plan. During 2017, the Company primarily made contributions to the ITP 2 defined-benefit plan. In accordance with IAS 19, multi-employer defined-benefit pension plans are normally accounted for as defined-benefit plans. If insufficient information is available to determine the employer's share of the defined-benefit obligation and the plan assets, the plan shall be accounted for as if it were a defined-contribution plan. The Group recognizes the plan as a defined-contribution plan because the conditions for recognizing the defined-benefit components of the plan in accordance with the general rule in IAS 19 are not met. This means that the expense is recognized as the benefits are earned, and the pension costs for the period are recognized in the income statement.

Gender distribution	2023 Number	2022 Number	2023 Women	2022 Women
<i>Average number of employees</i>				
Parent Company	5	3	20%	0%
Subsidiaries	328	249	20%	24%
Total	333	252	20%	24%
<i>Board members and senior executives</i>				
Board members	6	6	33%	33%
CEOs and other senior executives	3	3	0%	0%
Total	9	9	22%	22%

Salaries, other benefits and social security costs	2023	2022
Salaries to CEO and other senior executives	8	6
Bonuses to CEO and other senior executives	-	-
Board fees	1	1
Other employees	151	117
Total salaries and benefits	160	124
Social security contributions	46	39
Pension to CEO and other senior executives	2	1
Pensions to other employees	19	9
Total salaries, benefits, social security contributions and pension costs	227	173

Remuneration of senior executives	Salary/Board fees		Variable remuneration		Pension costs		Other benefits	
	2023	2022	2023	2022	2023	2022	2023	2022
Joachim Berner, Chairman of the Board	0.3	0.2	-	-	-	-	-	-
Anders Hillerborg, Board member	-	-	-	-	-	-	-	-
Lennart Jacobsson, Board member	0.2	0.2	-	-	-	-	-	-
Tord Lendau, Board member	-	0.2	-	-	-	-	-	-
Louise Nicolin, Board member	0.2	0.2	-	-	-	-	-	-
Marcus Söderberg, Board member	0.2	0.1	-	-	-	-	-	-
Sara Wallin, Board member	-	0.2	-	-	-	-	-	-
Stina Wollenius, Board member	0.1	-	-	-	-	-	-	-
Johan Bennarsten, President and CEO	3.8	2.8	-	-	0.7	0.4	-	-
Other senior executives	4.2	3.0	-	-	0.8	0.5	-	-

Board fees are expensed monthly in the Company and included in the financial statements on a calendar year basis. In the event of termination of employment of the CEO or other senior executives by the Company, salary will be payable throughout the notice period of six months. No termination benefits are payable. Salaries during the notice period for the CEO and COO have been expensed for the 2023 financial year, even though some payments are to be made during 2024.

The Group's total pension costs amounted to SEK 21 (11) million and consist solely of defined-contribution pension plans. Premiums for 2024 are expected to amount to SEK 21 million. Alecta's surplus can be distributed to the policyholders and/or the insured. Alecta's surplus, in the form of a collective funding ratio, was 157 (173) percent at the end of 2023, according to Alecta's website. The collective funding ratio is the market value of Alecta's assets as a percentage of its insurance obligations calculated by reference to Alecta's actuarial calculation assumptions, which are not consistent with IAS 19.

Note G8: Finance income and costs

ACCOUNTING POLICIES

Finance income

Finance income consists of interest income on invested funds, exchange gains and gains on hedging instruments recognized in profit for the year. Interest income is recognized using the effective interest method and taking into account accrued interest on the reporting date.

Finance costs

Finance costs consist of interest expenses on loans and pension liabilities, exchange losses, the effects of the reversal of contingent consideration discounted to present value, interest expense on leases and losses on hedging instruments recognized in profit for the year. Interest expenses are recognized in accordance with the effective interest method.

Finance income	2023	2022
Sale of other and interests	-	1
Interest received	5	1
Exchange gains	7	2
Other	-	3
Finance income	12	7
Finance costs	2023	2022
Exchange losses	-9	-2
Interest effect on contingent consideration remeasurement	-7	-1
Interest expenses on bank loans	-48	-47
Interest expenses on lease liabilities	-2	-2
Other interest expenses	-5	-8
Finance costs	-71	-60

Note G9. Income tax

ACCOUNTING POLICIES

The tax cost for the period covers current tax and deferred tax. Tax is recognized in the income statement, apart from when the tax is attributable to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in OCI or equity.

Current tax expense is calculated based on the tax rules that have been enacted or substantively enacted by the reporting date in the countries in which the Parent Company's subsidiaries and associates operate and generate taxable income. The Swedish tax rate is used to calculate tax. For the 2023 financial year, this rate is 20.6%. Management regularly evaluates the claims that are made in tax returns concerning situations where applicable tax rules are subject to interpretation. When it is deemed appropriate, management sets aside provisions for amounts that will probably become payable to the tax authorities. No such provisions were considered appropriate as of December 31, 2023.

SEK million	2023	2022
Current tax	-7	-16
Adjustment for prior years	-	-
Change in deferred tax on temporary differences	3	-
Total	-4	-16
Reconciliation of effective tax rate		
Recognized profit/loss before tax	-46	28
Calculated tax at tax rate of 20.6%	10	-6
Tax effect of:		
Non-deductible expenses	-10	-11
Non-taxable income	5	6
Other adjustments	-1	-4
Utilized tax losses for which no deferred tax asset has been previously recognized	-	1
Unrecognized deferred tax arising from tax losses	-	-2
Recognized tax	-4	-16
Effective tax rate	8%	57%

The Group's total tax losses amount to SEK 41 (44) million, SEK 0 (3) million of which has been recognized. 100% (99) of the tax losses may not be offset against Group contributions.

Note G10. Discontinued operations

ACCOUNTING POLICIES

On June 9, 2023, subsidiary Lingua Communications Nordic AB filed for bankruptcy following the discovery of gross embezzlement. As the subsidiary operated as an independent business segment within the Group and Seafire has decided to discontinue its involvement in the translation industry in connection with the bankruptcy, we have decided to account for the subsidiary as a discontinued operation in accordance with IFRS 5. This approach means that the subsidiary has been excluded from the individual lines in the consolidated income statement and its net income is instead recognized under "Profit/loss from discontinued operations". The consolidated statement of cash flows includes a comprehensive statement of cash flows, including the discontinued operations. The balance sheet as of December 31, 2023 does not contain any balances relating to the subsidiary, while balance sheets for previous periods are not restated in accordance with IFRS and are therefore unchanged.

The Group effects that arose as a result of the discontinuation are presented below. Profit and loss and cash flow information for the discontinued operation relates to the period up to and including the discontinuation date.

Profit/loss attributable to discontinued operation	2023	2022
Net sales	17	69
Operating expenses	-17	-66
Embezzlement costs	-25	-
EBITDA	-25	4
Depreciation and amortization	-	-1
EBITA	-25	3
Impairment	-	-
EBIT	-25	3
Appropriations	-	-1
Profit/loss before tax	-25	2
Income tax	-	-
Group effect		
- of which goodwill impairment	-19	-
- of which reversal of contingent consideration	3	-
- of which reversal of equity	18	-
Total Group effect	2	
Profit/loss attributable to discontinued operation	-23	2
Balance sheet on bankruptcy application date	2023	
Property, plant and equipment	-	
Current operating assets	6	
Total assets	6	
Current operating liabilities	25	
Total liabilities	25	
Net assets	-19	
Cash flow from discontinued operation	2023	2022
From operating activities	2	-8
From investing activities	-	-
From financing activities	1	-1
Total cash flow	3	-9

Note G11. Earnings per share

SEK million	2023	2022
Basic earnings per share		
Profit attributable to Parent Company shareholders	-73	14
Average number of shares during the year	42,823	29,305
Basic earnings per share	-1.72	0.49
Diluted earnings per share		
Profit attributable to Parent Company shareholders	-73	14
Average number of shares during the year	42,823	29,305
Effect of options	902	1,500
Diluted earnings per share	-1.72	0.47

Note G12. Intangible assets

ACCOUNTING POLICIES

Goodwill

Goodwill comprises the amount by which the cost exceeds the fair value of the Group's share of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill is therefore allocated to the relevant subsidiaries (a subsidiary is considered to be a cash-generating unit); see the table in the note for the specific allocation. Goodwill is tested annually for each subsidiary to identify any impairment and is subsequently recognized at cost less accumulated impairment. Goodwill impairment is not reversed. All assets attributable to the subsidiary to which goodwill has been allocated are included in the impairment testing. Goodwill consists of the knowledge, experience and knowhow that the personnel of the acquired company contribute.

Developments within subsidiaries are continually monitored against budgets, forecasts and historical development, and impairment is considered if significant deviations occur. At the end of the third quarter, a sensitivity analysis is carried out based on what developments within the companies would result in impairment, and specific impairment testing may be carried out. At the end of the fourth quarter, impairment testing is performed for all companies.

Intangible assets

In connection with analyses relating to company acquisitions, surpluses have been attributed to brands and customer relationships, and the remainder to goodwill. Brands and customer relationships have been assessed as having a useful life of five years.

SIGNIFICANT ESTIMATES AND JUDGMENTS

Fair value of acquired goodwill, intangible assets and contingent consideration

For company acquisitions, acquired intangible assets are measured at fair value. For impairment testing, intangible assets are measured at the lower of the carrying amount and the recoverable amount. Several assumptions and estimates are made about future conditions that are considered when calculating the discounted cash flow on which the estimated recoverable amount is based. Important assumptions are expected growth, margins and discount rate. If these assumptions are revised, the value of the remaining goodwill may be affected.

SEK million	Goodwill		Internally generated intangible assets		Customer contracts		Other intangible assets	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening cost	654	255	7	5	76	26	32	22
Business combinations	70	399	2	-	15	50	-	10
Purchases	-	-	-	2	-	-	-	-
Closing accumulated cost	724	654	9	7	91	76	32	32
Opening amortization	-6	-6	-4	-3	-19	-7	-18	-12
Amortization	-	-	-1	-1	-17	-12	-6	-6
Impairment/write-ups	-60	-	-	-	-	-	-	-
Closing accumulated amortization/impairment	-66	-6	-5	-4	-36	-19	-24	-18
Closing balance	658	648	4	3	55	57	8	14

Impairment for the year concerns SEK 11 million attributable to Kenpo Sandwich and SEK 18 million attributable to inadequate profitability, challenging market circumstances and a changed interest rate situation. Impairment of SEK 19 million was recognized in connection with the bankruptcy of Linguacom. The remaining impairment amount is attributable to the closure of Hedén.

Goodwill by subsidiary	2023	2022
Hedén	-	12
Linguacom	-	19
Åkerstedts Verkstad	23	23
Nordbutiker	20	38
Luda.Farm	14	14
Thor Ahlgren	25	25
Färg-In	35	35
Pexymek	31	31
Bara Mineraler	53	53
DOFAB	94	94
Kenpo Sandwich	134	145
SolidEngineer	99	99
OPO Scandinavia	60	60
Borö Pannan	70	-
Total	658	648

	Assumptions							
	Growth rate¹		Gross margin²		Rate of cost increase		Discount rate³	
	2023	2022	2023	2022	2023	2022	2023	2022
Luda.Farm	7%	2%	43%	40%	7%	3%	14%	12%
Borö	5%	-	48%	-	4%	-	13%	-
Åkerstedts	6%	4%	65%	65%	5%	4%	13%	11%
Nordbutiker	9%	2%	32%	33%	6%	-7%	14%	11%
Färg-In	4%	2%	32%	31%	3%	2%	13%	11%
Thor Ahlgren	5%	2%	44%	42%	4%	1%	13%	11%
Pexymek	7%	3%	55%	53%	5%	2%	13%	11%
Bara Mineraler	5%	2%	49%	54%	5%	2%	13%	11%
DOFAB	9%	2%	47%	44%	6%	0%	13%	11%
Kenpo Sandwich	5%	1%	51%	51%	2%	1%	13%	11%
SolidEngineer	7%	13%	49%	51%	6%	6%	14%	11%
OPO Scandinavia	7%	4%	68%	68%	6%	4%	13%	11%

¹ Average growth rate during the forecast period. Growth rate after 2028 amounts to 2% (1-2)

² Weighted average budgeted gross margin

³ Weighted pre-tax discount rate is based on required rate of return and cost of capital

Goodwill impairment testing for the year

Recoverable amounts for subsidiaries are determined based on value in use calculations. These calculations are based on estimated future cash flows over a five-year period based on financial forecasts approved by the Board. When calculating these cash flows, the Company's budget for 2024 and key ratios for the period 2025 to 2028 in accordance with the above are used. Cash flows beyond the five-year period are extrapolated with the aid of a long-term annual growth rate of 2%.

Important assumptions that are used for calculations in connection with the impairment testing for 2023 are presented in the table above. The values for 2022 are based on assumptions for the 2023-2027 period, while the values for 2023 are based on assumptions for the 2024-2028 period.

Management has determined the budgeted gross margin based on previous financial results, present and future products, and current and future production plans. Gross margin concerns sales revenue less the cost of materials and inputs relative to sales revenue. The weighted average growth rate used during the 2024-2028 period takes into account the market assessment for the segment and the present situation and commercial circumstances within the segment. In connection with the impairment testing, the Company carried out a sensitivity analysis with regard to changes in assumptions concerning the variables discount rate, sales during 2023 and average growth during the 2024-2028 period and is monitoring developments continually for signs that the impairment testing may need to be repeated.

Sensitivity analysis

Based on the assumptions presented above there is a overall headroom (recoverable amounts decreased by carrying amount) within Industrial Components of 131 MSEK and 60 MSEK within Products. Some subsidiaries have more headroom and others are on the edge of additional write-downs. In connection with the impairment testing, sensitivity analyses are carried out to see the headroom per subsidiary under assumptions other than those presented above. The results of the sensitivity analysis show that if the discount rate is raised by 0,5 percentage points it would mean further write downs of three subsidiaries to a total amount of 12 MSEK.

Note G13. Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment is recognized at cost less depreciation. Cost includes expenditure directly attributable to acquisition of the asset.

Depreciation, which allocates the cost of the assets down to their estimated residual value, is applied on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings, 20-33 years
- Land improvements, 20 years
- Machinery, fixtures & fittings and equipment for production, 3-10 years
- Computers, 3 years

The residual values and useful lives of the assets are tested at each reporting date and adjusted as necessary. The carrying amount of an asset is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. No adjustments were made to useful lives during 2023.

SEK million	2023	2022
Opening cost	143	113
Business combinations	20	7
Divested	-7	-
Purchases	10	23
Closing accumulated cost	166	143
Opening amortization	-16	-7
Reversed depreciation attributable to divestments	5	-
Depreciation for the year	-14	-9
Closing accumulated depreciation	-25	-16
Opening impairment	-	-
Impairment for the year	-	-
Closing accumulated impairment	-	-
Closing residual value	141	127

Note G14. Right-of-use assets

ACCOUNTING POLICIES

Seafire applies the exemption rules concerning short-term leases and leases where the underlying asset is of low value. Expenses that arise in connection with these leases are recognized as operating expenses in the income statement on a straight-line basis over the lease term.

At inception of a contract, Seafire assesses whether the contract is, or contains, a lease based on the substance of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Seafire divides its leases into two classes of right-of-use assets:

Premises – comprises approximately 30 contracts and accounts for a high proportion of the balance on the reporting date.

Other – includes machinery, equipment and vehicles and comprises approximately 50 low-value contracts.

Right-of-use assets

Seafire recognizes right-of-use assets in the balance sheet at the commencement date of the lease. Right-of-use assets are presented separately from other assets in the balance sheet.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. These lease liabilities are presented separately from other liabilities in the balance sheet. The lease term is determined as the non-cancelable period together with periods covered by an option to extend or terminate the lease if Seafire is reasonably certain that to exercise the options. When assessing the lease term in cases where there are extension and termination options, consideration is given to both business strategy and contract-specific conditions to determine whether or the Group is reasonably certain to exercise the options.

SEK million	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance, January 1	29	19	6	4	35	23	33	22
Additions to right-of-use assets	11	16	3	6	14	22	14	22
Depreciation of right-of-use assets	-14	-10	-4	-4	-18	-14	-	-
Terminated leases	-2	-	-	-	-2	-	-2	-
Remeasurement of leases	9	4	-	-	9	4	9	4
Interest expenses on lease liabilities	-	-	-	-	-	-	2	2
Lease payments	-	-	-	-	-	-	-21	-17
Closing balance, December 31	33	29	5	6	38	35	35	33

Costs attributable to leasing activities in income statement	2023	2022
Depreciation of right-of-use assets	18	14
Interest expenses on lease liabilities	2	2
Total costs attributable to leasing activities	20	16
of which expenses attributable to short-term leases	-	-
of which expenses attributable to low-value short-term leases	-	-
of which expenses for variable lease payments not included in the lease liability	-	-

Seafire has recognized cash flow of SEK -19 (-15) million attributable to leases for the 2023 financial year. See Note G23 for a maturity analysis of the Group's lease liabilities.

Note G15. Deferred taxes

ACCOUNTING POLICIES

Deferred tax is recognized in accordance with the balance sheet method for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

A tax rate of 20.6% is used for calculation purposes.

SIGNIFICANT ESTIMATES AND JUDGMENTS

Deferred tax is calculated based on temporary differences and the carryforward of unused losses. Deferred tax assets are measured taking into account the probability that the Group will be able to utilize them against future taxable profit. Group management continually makes new assessments of deferred tax assets taking into account changes in market conditions and expected performance. Because of circumstances which cannot be predicted, the actual outcome may differ from the estimates that are made.

Deferred tax liabilities

The Group's taxable temporary differences on December 31, 2023 consist primarily of the tax component of untaxed reserves, which amounts to SEK 23 (19) million, and SEK 23 (22) million largely related to deferred tax on consolidated surplus values attributable to purchase price allocations for subsidiaries.

Deferred tax assets

As of the reporting date, there are no recognized no deferred tax assets. The restrictive rule concerning Group contributions means that the loss carryforwards presented in Note G9 cannot be used as of the reporting date. In the 2026 and 2027 financial years, the Group will have owned most of its companies for more than five years, which means that it will be possible to use the majority of the tax losses.

Deferred tax assets	2023	2022	Deferred tax liabilities	2023	2022
Opening balance, January 1	1	-	Opening balance, January 1	40	25
Recognized in the income statement	-1	-	Recognized in the income	-1	-1
Increase through business	-	1	Increase through business	6	16
Closing balance, December 31	-	1	Closing balance, December 31	45	40

Note G16. Inventories

ACCOUNTING POLICIES

Inventories are recognized at the lower of cost and net realizable value. Cost is calculated using the average method. The cost of finished goods and work in progress consists of design costs, raw materials and other direct costs and related indirect costs of production, excluding personnel costs. Borrowing costs are not included. Net realizable value is the estimated selling price in the ordinary course of business less the applicable variable costs necessary to make the sale.

SEK million	2023	2022
Work in progress	72	39
Finished goods	143	155
Goods in transit	15	22
Total	230	216

Note G17. Trade receivables

ACCOUNTING POLICIES

Expected credit losses

Impairment of trade receivables is based on the simplified approach permitted by IFRS 9. To calculate the loss allowance for trade receivables, the Group uses a provision matrix for expected credit losses. In this matrix, trade receivables are divided up based on their maturity. An expected default risk has been developed for each maturity category in advance. The expected default risk is primarily based on forward-looking information concerning macroeconomic factors such as economic trends and inflation which affect the ability of customers to pay the receivables. Historical loss frequencies are also adjusted to reflect the current situation. The table below presents the expected default risk within each maturity category based on the loss allowance assessment at the reporting date. During the year, the expected default risk increased by approximately 1% compared with the previous financial year.

Trade receivables	2023	2022	Loss allowance	2023	2022
Trade receivables, external customers	94	116	Opening allowance	-1	-1
Allowance for expected credit losses	-2	-1	Allowance for expected losses	-1	-
Closing balance, December 31	92	115	Closing allowance	-2	-1

As of December 31, 2023, receivables more than 30 days past due amounted to SEK 5 (2) million, for which an allowance of SEK 2 (1) million has been recognized. Other past due trade receivables concern international customers in geographical areas where long payment times are normal. These are often repeat customers and the Company believes that it is highly likely that these past due receivables will be paid. The following table shows the age structure of trade receivables as of the reporting date.

Trade receivables	2023	2022	Loss allowance	2023	2022
Not yet due	80	105	Not yet due	-	-
Past due 0 – 30 days	9	9	Past due 0 – 30 days	-	-
Past due 30 – 60 days	1	1	Past due 30 – 60 days	-	-
Past due 60 – 90 days	-	-	Past due 60 – 90 days	-	-
Past due 90+ days	4	1	Past due 90+ days	2	1
Total	94	116	Total	2	1
Loss allowance for trade receivables	2	1			
Credit loss costs	2	-			

Estimated expected default risk	2023	2022
Not yet due	1%	-
Past due 0 – 30 days	3%	2%
Past due 30 – 60 days	4%	3%
Past due 60 – 90 days	6%	5%
Past due 90+ days	15%	8%
Total expected loss risk in relation to total trade receivables	2%	0%

Note G18. Other current receivables

ACCOUNTING POLICIES

Other current receivables include financial assets that are not trade receivables and non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets with the exception of items with a due date more than 12 months after the end of the reporting period, which are classified as non-current assets.

SEK million	2023	2022
Tax account	6	-
Recoverable VAT	-	1
Current receivable concerning sale of assets in Hedén	1	-
Other items	2	3
Total	9	4

Note G19. Prepaid expenses and accrued income

SEK million	2023	2022
Prepaid expenses linked to service contracts	44	44
Prepaid insurance premiums	-	-
Other items	-	6
Total	44	50

Note G20. Cash and cash equivalents

ACCOUNTING POLICIES

Cash and cash equivalents include cash, bank balances and other short-term investments with a maturity within three months from the date of acquisition.

SEK million	2023	2022
Bank balances	46	468
Other cash and cash equivalents	-	-
Total	46	468

Note G21. Equity

ACCOUNTING POLICIES

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognized, net of tax, in equity as a deduction from the issue proceeds.

Warrants

The Group has outstanding warrants for key individuals within the Group. The market value of the warrants has been determined in accordance with the Black & Scholes model and the warrants are transferred through a cash payment of the market premium. As a market premium is paid, no cost arises for the Company.

Year	Event	Quota value (SEK)	Change in number of shares	Change in share capital	Total shares	Total share capital
2022	Opening Balance	0.17	-	-	19,735,851	3,315,472
2022	New share issue	0.17	9,036,145	1,518,003	28,771,996	4,833,475
2022	New share issue	0.17	123,435	20,736	28,895,431	4,854,211
2022	New share issue	0.17	290,671	48,831	29,186,102	4,903,042
2022	New share issue	0.17	230,415	38,708	29,416,517	4,941,750
2022	New share issue	0.17	13,157,894	2,210,426	42,574,411	7,152,175
2023	New share issue	0.17	272,158	45,720	42,846,569	7,197,895

New share issue costs amounted to 1 (22), of which the tax effect amounted to 0 (4).

Share-based incentive programs

In 2022, Seafire established a warrant program (series 2022/2025). The program comprises a maximum of 1,500,000 warrants issued by Seafire AB, to be subscribed by Seafire AB for re-assignment to the program participants. The main aims of the program are to reward long-term commitment from the Seafire Group's senior executives and other key management personnel, to help recruit and retain competent key personnel and to increase common interests between key management personnel and Seafire AB's shareholders. Each warrant entitles the holder to subscribe for one new share in Seafire AB during the period October 1, 2025 to October 15, 2025 at a subscription price corresponding to 180 percent of the volume-weighted average price paid for Seafire AB's share during the period August 29, 2022 to September 9, 2022, rounded to the nearest öre. During the year, warrants were repurchased back when persons left the Group. As of the reporting date, 902,000 warrants were outstanding for remaining participants in the program. The market value of the warrants was determined in accordance with Black & Scholes model and the warrants were transferred through a cash payment of the market premium. As a market premium is paid, no cost arises for the Company.

Issue	Program	Subscription	Exercise price	Fair Value ¹	Average contract period	Warrants December 31, 2023	Warrants 12/31/2022
2022	2022/2025	09/16/2022 - 09/23/2022	48.26	1.56	3 years	1.7	1.8

1) Fair value is calculated on the warrant issue date.

SEK million	2023	2022
Opening carrying amount of warrants	2	-
Warrants granted during the year	-	2
Warrants forfeited during the year	-	-
Warrants exercised during the year	-	-
Closing carrying amount of warrants	2	2

If all warrants were exercised, the dilutive effect would be 902,000 shares.

Note G22. Financial assets and liabilities

ACCOUNTING POLICIES

Financial assets

The Group classifies all financial assets in accordance with IFRS 9 into the following categories: at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income. Management determines the classification of the financial assets at initial recognition. As of the reporting date, Seafire only recognizes currency derivatives at fair value, while other financial assets are recognized at amortized cost. Currency derivatives are measured at fair value through quoted prices in an active market (level 1). For financial assets measured at amortized cost (non-current receivables, trade receivables, current receivables and cash and cash equivalents), the fair value is not considered to differ significantly from the carrying amount. As the fair value of currency derivatives did not reach SEK 1 million at the reporting date, the line in the table below is empty.

Financial liabilities

Financial liabilities are designated as measured at amortized cost or at fair value through profit or loss. A financial liability is designated as at fair value through profit or loss if it is classified as held for trading, a derivative or contingent consideration settled in cash or with other financial assets. As of the reporting date, Seafire only recognizes contingent consideration at fair value, while other financial liabilities (non-current liabilities, trade payables and other current liabilities) are recognized at amortized cost.

Contingent consideration

When acquiring subsidiaries, contingent consideration is applied as part of the purchase price, and is based on the estimated earnings growth in the acquired business over the next three to four years after the acquisition. The measurement of future contingent consideration is based on management's best assessment of future earnings growth. This assessment, and therefore the measurement of the contingent consideration, is updated twice a year. The updated assessments are based on the actual outcome and forecast for future earnings. Confirmed contingent consideration is paid once a year. An erroneous assessment can lead to acquired assets and liabilities for contingent consideration being overvalued.

The contingent consideration remeasurement is recognized in profit or loss – in net financial items (discounting effects), other income (in the case of negative remeasurement) or other external expenses (in the case of positive remeasurement).

SEK million	Classification according to valuation hierarchy							
	31 Dec 2023	31 Dec 2022	1		2		3	
			31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Assets								
Currency derivatives	-	-	-	-	-	-	-	-
Liabilities								
Contingent consideration	12	30	-	-	-	-	12	30

Financial liabilities at fair value by level in the valuation hierarchy

The fair value and carrying amount are recognized in the balance sheet in accordance with the table above. For listed securities, the fair value is determined based on the asset's quoted price in an active market, level 1. As of the reporting date, the Group has no items in this category. The fair value of foreign exchange contracts and embedded derivatives is determined based on observable market inputs, level 2. For contingent consideration, a cash flow-based measurement is carried out which is not based on observable market inputs, level 3.

Measurement of financial assets and liabilities, December 31, 2023

SEK million	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at amortized cost	Total carrying amount
<u>Assets in the balance sheet</u>			
Currency derivatives	-		
Other non-current receivables		42	42
Trade receivables		92	92
Current receivables		63	63
Cash and cash equivalents		46	46
Total		243	243
<u>Liabilities in the balance sheet</u>			
Liabilities to credit institutions		234	234
Property loans		8	8
Promissory notes		5	5
Lease liabilities		37	37
Tax deferrals		92	92
Contingent consideration liability	12	-	12
Trade payables		61	61
Other liabilities		26	26
Accrued expenses		103	103
Total	12	577	577

Measurement of financial assets and liabilities, December 31, 2022

SEK million	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at amortized cost	Total carrying amount
<u>Assets in the balance sheet</u>			
Currency derivatives			-
Other non-current receivables		3	3
Trade receivables		115	115
Current receivables		62	62
Cash and cash equivalents		468	468
Total		648	648
<u>Liabilities in the balance sheet</u>			
Bonds		600	600
Promissory notes		5	5
Property loans		8	8
Investment loans		4	4
Lease liabilities		34	34
Tax deferrals		30	30
Contingent consideration liability	30		30
Overdraft facilities		-	-
Trade payables		70	70
Other liabilities		50	50
Accrued expenses		112	112
Total	30	913	943

SEK million	Bank loans
Amount	234
Maturity	03/02/2025 + 1 year where applicable
Average interest rate 2023	6.9%

The Group has an overdraft facility with a limit of SEK 100 million at the same interest rate as the bank loan. As of December 31, 2023, the overdraft facility has not been utilized.

Consolidated statement of cash flows

2023	Nominal amount	1-3 months	3-12 months	1-2 years	2-5 years	> 5 years	Total
Liabilities to credit institutions	234	10	31	40	153	-	234
Interest	30	4	11	12	3	-	30
Property loans	8	-	-	-	-	8	8
Promissory notes	5	-	5	-	-	-	5
Lease liabilities	37	-	5	6	22	4	37
Tax deferrals	92	-	79	-	13	-	92
Contingent consideration liability	12	-	5	7	-	-	12
Trade payables	61	61	-	-	-	-	61
Other liabilities	26	-	26	-	-	-	26
Interim liabilities	44	44	-	-	-	-	44
Total							519
2022	Nominal amount	1-3 months	3-12 months	1-2 years	2-5 years	> 5 years	Total
Bonds	600	-	-	600	-	-	600
Interest	88	18	52	18	-	-	88
Property loans	8	-	-	-	-	8	8
Promissory notes	5	-	-	-	5	-	5
Investment loans	4	-	-	-	4	-	4
Lease liabilities	34	-	3	11	15	5	34
Tax deferrals	30	-	-	30	-	-	30
Contingent consideration liability	30	-	21	6	2	1	30
Trade payables	70	70	-	-	-	-	70
Other liabilities	50	-	50	-	-	-	50
Interim liabilities	48	48	-	-	-	-	48
Total							879

Contingent consideration

Revised assessments 2023

During 2023, changed market conditions as a result of increased cost inflation, lower customer demand and a weaker economic situation resulted in contingent consideration remeasurements linked to the acquisition of DOFAB, Thor Ahlgren and Borö-Pannan. As of the reporting date, a liability has only been recognized for the contingent consideration linked to the acquisition of Borö-Pannan.

Company	Basis for calculation of contingent consideration	Maximum contingent consideration	Period	Discount rate	Recognized tax
Borö-Pannan	1.25x EBITDA over SEK 12m per yr	SEK 10m per yr	2023-2025	13.06%	SEK 12m
Thor Ahlgren	50% of EBIT over SEK 5m per yr	SEK 3m per yr	2022-2026	13.16%	SEK 0m

Development of contingent consideration measured at fair value

SEK million	2023	2022
Opening balance	30	33
Acquisitions	21	36
Reversed/Remeasured through income statement	-28	-31
Paid	-18	-9
Interest effect in income statement	7	1
Total	12	30
of which non-current portion	7	9
of which current portion	5	21

Note G23. Other non-current liabilities

SEK million	2023	2022
Contingent consideration liability	7	9
Property loans	8	8
Non-current tax deferrals	13	-
Other liabilities	-	6
Total	28	23

Note G24. Accrued expenses and deferred income

SEK million	2023	2022
Accrued salaries and social security contributions	31	29
Accrued interpreter expenses	-	4
Accrued interest expenses	2	5
Accrued customer bonuses	1	-
Deferred income (See Note G3)	59	65
Other	10	9
Total	103	112

Note G25. Non-cash items

SEK million	2023	2022
Adjustments for:		
- amortization and impairment of surplus values	68	22
- depreciation and impairment of property, plant and equipment	28	23
- remeasurement of contingent consideration	-21	-31
- loss on discontinued operation	23	-
- accrued interest	1	5
- other items	1	1
Total	100	20

Note G26. Business combinations

Borö-Pannan AB

The acquisition of all shares in Borö-Pannan AB, which manufactures accumulator tanks for heat pumps, was completed on February 1, 2023. In addition to the initial purchase consideration of SEK 100 million, there is a contingent consideration (maximum SEK 30 million during the period 2023–2025), which is based on EBITDA development. This gives a total purchase consideration of SEK 124 million, based on measurement at fair value. The contingent consideration will amount to SEK 10 million per year if EBITDA is at least SEK 12 million during each of the years 2023–2025, making a total of SEK 30 million. The initial purchase consideration for Borö-Pannan AB was settled partly in cash and cash equivalents and partly through a private placement of SEK 5 million at a price of SEK 18.37. If the acquisition had been carried out on January 1, 2023, the company would have contributed SEK 114 million to net sales and SEK 15 million to profit/loss before tax. Transaction costs of SEK 1 million have been recognized as other external expenses in the Group.

The goodwill of SEK 73 million included in the acquisition of Borö-Pannan AB corresponds to the company's unique production knowledge relating to accumulator tanks. There are no significant credit losses in the acquired company.

Net assets of acquired companies at the acquisition date

SEK million	Borö-Pannan
Property, plant and equipment	20
Right-of-use assets (IFRS 16)	10
Customer contracts	14
Trade receivables	25
Inventory	36
Cash and cash equivalents	13
Interest-bearing liabilities (IFRS 16)	-10
Current liabilities	-48
deferred tax	-6
Total identifiable net assets	54
Goodwill	70
Purchase consideration for shares	124

No purchase price allocation presented in the 2022 Annual Report has been updated during the measurement period. However, the purchase price allocation for SolidEngineer presented in the 2022 Annual Report has been updated since the end of the measurement period and is therefore reported as a correction of error (see the note below).

Note G27. Correction of error

After consulting with external parties and reviewing the completed purchase price allocation for the acquisition of SolidEngineer AB, Seafire has concluded that the final purchase price allocation prepared by the Group and audited by the Group's auditors is incorrect by a material amount and needs to be corrected. SolidEngineer AB was acquired on April 1, 2022 and the remeasurement period for the purchase price allocation thus expired on March 31, 2023; hence, the adjustment is treated as a correction of error rather than a remeasurement of the purchase price allocation. The correction means that revenue from sold but not executed service contracts prior to completion on April 1, 2022 is recognized in the purchase price allocation and balance sheet as deferred revenue, in accordance with IFRS 15 Revenue from Contracts with Customers, and then recognized as revenue prospectively over the term of the service agreement. The adjustments do not have any effect on cash flow. The correction means that the Group recognizes goodwill, prepaid expenses, deferred tax liability and deferred income in accordance with the table below as of the date of acquisition, April 1, 2022.

Goodwill	SEK 13 million
Prepaid expenses	SEK 20 million
Deferred tax liabilities	SEK 3 million
Deferred income	SEK 36 million

SEK million	2022	Adjustment	Restated 2022
Net sales	829	22	851
Other income	36	-	36
Total operating income	865	22	887
Change in work in progress	-19	-	-19
Merchandise	-449	-12	-461
Other external expenses	-103	-	-103
Personnel costs	-178	-	-178
Other operating expenses	-3	-	-3
Depreciation, amortization and impairment	-43	-	-43
Total operating expenses	-795	-12	-807
Operating profit/loss	71	10	81
Finance income	6	-	6
Finance costs	-59	-	-59
Profit/loss before tax	18	10	28
Taxes	-14	-2	-16
Profit/loss from continuing operations	4	8	12
Profit/loss from discontinued operations	2	-	2
Profit/loss for the period	6	8	14

SEK million	2022	Adjustment	Restated 2022
Goodwill	635	13	648
Other intangible assets	109	-	109
Property, plant and equipment	127	-	127
Financial assets	3	-	3
Total non-current assets	874	13	887
Inventories	216	-	216
Trade receivables	115	-	115
Tax assets	8	-	8
Other current receivables	4	-	4
Prepaid expenses and accrued income	43	8	50
Cash and cash equivalents	468	-	468
Total current assets	853	8	861
TOTAL ASSETS	1,727	21	1,748
Share capital	7	-	7
Other contributed capital	845	-	845
Warrants	2	-	2
Retained earnings, including profit/loss for the period	-76	8	-68
Total equity	778	8	786
Non-current liabilities			
Deferred tax liabilities	41	-1	40
Other non-current liabilities	641	-	641
Current liabilities			
Advances from customers	5	-	5
Trade payables	70	-	70
Current tax liabilities	8	-	8
Current lease liabilities	14	-	14
Other current liabilities	72	-	72
Accrued expenses and deferred income	98	14	112
Total liabilities	949	13	962
TOTAL EQUITY AND LIABILITIES	1,727	21	1,748

Note G28. Changes in liabilities arising from financing activities

SEK million	2022	Changes arising from cash flows		Non-cash changes		2023
				Business combinations	Other	
Loans from credit institutions	605	-371	-	-		234
Property loans	8	-	-	-		8
Lease liabilities	34	-18	10	11 ¹		37
Promissory note loans	5	-	-	-		5
Total liabilities from financing activities	651					284

1) Increased liability for extended contracts, etc.

Note G29. Pledged assets

SEK million	2023	2022
Floating charges	131	33
Shares in subsidiaries	1,052	984
Pledged bank balances	1	1
Total pledged assets	1,184	1,018

All shares in Nordbutiker, Åkerstedts Verkstads, Bara Mineraler, Pexymek, Thor Ahlgren, Färg-In, OPO Scandinavia, DOFAB, Kenpo Sandwich, Seafire Holdco, SolidEngineer, Borö and Ludafarm have been pledged as collateral for acquisition credit. Floating charges constitute collateral for borrowings within the Group.

Note G30. Related party transactions

Since Q4 2022, Kenpo Sandwich AB has been purchasing consultancy services from Claes Jagborn, which is a related party of the CEO of Kenpo Sandwich, Denice Jagborn. The consultancy agreement was established on market terms and conditions. The cost paid for the full year 2023 amounted to SEK 0.7 (0) million.

Since 16 January 2019, subsidiary Åkerstedts Verkstad AB has been leasing premises from Perpressa Fastigheter AB, which is partly owned by Jesper Åkerstedt, who is CEO of Åkerstedts Verkstad. The lease agreement was established on market terms and conditions. Services are also purchased from a company that is related to Jesper Åkerstedt. Rent paid and cost of services purchased for the full year 2023 amounted to SEK 1.4 (1.6) million.

Note G31. Events after the reporting date

On January 1, 2024, Jacob Persson, the Company's CFO, took over as acting CEO.

Note G32. Definitions of key performance measures

In this report Seafire presents certain financial measures that are not defined under IFRS. These are referred to as alternative performance measures. The Company believes that these performance measures provide valuable additional information for stakeholders and investors, as they offer a different perspective on financial performance and financial position.

The table below contains definitions of Seafire's performance measures. The measurements are presented separately below.

Non-IFRS performance measure	Description	Purpose
Organic growth, %	Increase in net sales in the period adjusted for acquisitions and divestments/Net sales in the comparative period.	This performance measure is used in connection with analyses of underlying growth in revenue driven by comparable entities between different periods.
Acquired growth, %	Increase in net sales from acquisitions in the period/Net sales in the comparative period.	This performance measure is used to monitor the proportion of the increase in the Company's sales that is generated through acquisitions.
Gross margin	Gross profit expressed as a percentage of net sales in the period.	The gross margin is used to monitor the gross contribution after direct expenses for goods and services.

EBITDA	Operating profit before depreciation, amortization and impairment.	EBITDA is a measure that is used to monitor operational performance and facilitates comparisons of profitability between different companies and sectors.
Adjusted EBITDA	Operating profit before depreciation, amortization and impairment after the elimination of items affecting comparability.	Items affecting comparability are adjusted to facilitate a fair comparison between two comparable time periods and to show the underlying trend in operational performance excluding non-recurring items. This key ratio is also used in our covenant calculations for bond holders.
Adjusted EBITDA pro forma R12	Operating profit before depreciation, amortization and impairment after the elimination of items affecting comparability for the previous 12 months, including the outcome of completed acquisitions	This performance measure is determined in relation to net debt in order to monitor developments in the Company's level of indebtedness.
EBITA	Operating profit before amortization and impairment of intangible assets and acquired surplus values.	Together with EBITDA, EBITA provides a picture of the profit that is generated by operating activities.
Adjusted EBITA	Adjusted operating profit before amortization and impairment of intangible non-current assets and acquired surplus values, after the elimination of items affecting comparability.	Items affecting comparability are adjusted to facilitate a fair comparison between two comparable time periods and to show the underlying trend in operational performance excluding non-recurring items.
Items affecting comparability	Transaction-related costs, restructuring costs, revaluations of purchase considerations, capital gains from the sale of businesses and non-current assets, as well as other income and costs which are considered to be non-recurring in nature.	Items affecting comparability represent income and costs that are not attributable to the underlying performance of the business.
Net debt	Interest-bearing liabilities less interest-bearing receivables less cash and cash equivalents.	This performance measure is an indicator of the Company's level of indebtedness and is used by the Company to assess the scope to fulfill financial obligations.
Pro forma	Outcome for the period adjusted to include the outcome of acquisitions for the previous 12 months.	Used to facilitate comparisons between full year periods by adjusting for the full-year effect of completed acquisitions.

Calculations of alternative performance measures are presented in the tables shown below.

Calculation of organic growth

Percentage points	Full year 2023	Full year 2022
Organic growth	-5%	13%
Acquired growth	22%	120%
Recognized growth	18%	133%
SEK million	Full year 2023	Full year 2022
Revenue, base	851	366
Revenue, income growth	-42	48
Total organic growth	-5%	13%

EBITA and adjusted EBITA

SEK million	Full year 2023	Full year 2022
EBIT	13	81
Reversal of amortization and impairment attributable to acquired surplus values	68	20
EBITA	81	101
Items affecting comparability	-9	-21
Adjusted EBITA	72	80

EBITDA and adjusted EBITDA

SEK million	Full year 2023	Full year 2022
EBIT	13	81
Reversal of depreciation, amortization and impairment of tangible and intangible non-current assets	97	42
EBITDA	110	123
Items affecting comparability	-9	-21
Adjusted EBITDA	101	102

Items affecting comparability

SEK million	Full year 2023	Full year 2022
Transaction costs for acquisitions	7	6
Costs for change of listing	8	5
Contingent consideration remeasurement	-28	-31
Restructuring costs	4	-
Items affecting comparability	-9	-21

Adjusted EBITDA pro forma R12

SEK million	Full year 2023	Full year 2022
EBITDA R12	110	123
Items affecting comparability	-9	-21
Adjusted EBITDA R12	101	102
Acquired companies	3	15
Adjusted EBITDA pro forma R12	104	117

Net debt, Net debt/Adjusted EBITDA pro forma R12

SEK million	Full year 2023	Full year 2022
Interest-bearing liabilities	234	604
Lease liabilities	37	34
Contingent consideration due within 12 months	5	21
Excluded: cash and cash equivalents	-46	-468
Net debt	230	191
Adjusted EBITDA R12	104	117
Net debt/Adjusted EBITDA pro forma R12, times	2.2	1.7

Adjusted net debt including deferrals from the Swedish Tax Agency and all contingent consideration, Adjusted net debt/Adjusted EBITDA pro forma R12

SEK million	Full year 2023	Full year 2022
Net debt	230	191
Outstanding deferral from the Swedish Tax Agency and contingent consideration for settlement after 12 months	99	39
Adjusted net debt	329	230
Adjusted EBITDA R12	104	117
Adjusted net debt/Adjusted EBITDA pro forma R12, times	3.2	2.0

Parent Company income statement

SEK million	Note	2023	2022
Net sales		-	-
Other income		21	17
Total income		21	17
Other external expenses	PC2	-18	-14
Personnel costs	PC3	-16	-10
Depreciation and amortization		-	-
Total expenses		-34	-24
Operating profit/loss		-13	-7
Finance income	PC4	6	2
Finance costs	PC5	-120	-53
Profit/loss before tax		-127	-58
Appropriations	PC6	20	17
Income tax	PC7	-	-
Profit/loss for the period		-107	-41

Parent Company statement of comprehensive income

SEK million	2023	2022
Profit/loss for the period	-107	-41
Other comprehensive income	-	-
Comprehensive income for the period	-107	-41

Parent Company balance sheet

SEK million	Note	Dec 31 2023	31 Dec 2022
Non-current assets			
Property, plant and equipment		1	-
Investments in Group companies	PC8	23	23
Receivables from Group companies	PC9	1,019	1,004
Total non-current assets		1,043	1,027
Current assets			
Receivables from Group companies	PC9	84	53
Other current receivables	PC10	-	2
Prepaid expenses and accrued income	PC11	1	1
Cash and cash equivalents	PC12	43	458
Total current assets		128	514
TOTAL ASSETS		1,171	1,541
Equity			
<i>Restricted equity</i>			
Share capital	G22	7	7
Other contributed capital		881	877
Warrants		2	2
<i>Non-restricted equity</i>			
Retained earnings, including profit/loss for the year		-235	-128
Total equity		655	758
Non-current liabilities			
Bonds		-	596
Non-current liabilities to credit institutions		190	-
Other non-current liabilities		7	14
Total non-current liabilities	PC13	197	610
Current liabilities			
Current liabilities to credit institutions		40	-
Trade payables		2	4
Liabilities to Group companies		260	140
Other current liabilities		11	21
Accrued expenses and deferred income	PC14	6	8
Total current liabilities		319	173
Total liabilities		516	783
TOTAL EQUITY AND LIABILITIES		1,171	1,541

Statement of changes in equity

Attributable to Parent Company shareholders

SEK million	Share capital	Other contributed capital	Warrants	Retained earnings incl. profit/loss for the year	Total equity
Opening balance, Jan 1, 2022	3	330	-	-87	246
Profit/loss for the period	-	-	-	-41	-41
New share issue	4	568	-	-	572
New share issue expenses	-	-21	-	-	-21
Incentive program	-	-	2	-	2
Closing balance, Dec 31, 2022	7	877	2	-128	758
Opening balance, Jan 1, 2023	7	877	2	-128	758
Profit/loss for the period	-	-	-	-107	-107
New share issue	-	-	-	-	-
New share issue expenses	-	5	-	-	5
Incentive program	-	-1	-	-	-1
Closing balance, Dec 31, 2023	7	881	2	-235	655

Parent Company statement of cash flows

SEK million	Note	2023	2022
<u>Cash flow from operating activities</u>			
Profit after financial items		-127	-58
Of which interest received	PC4	6	2
Of which interest paid	PC5	-46	-41
Adjustment for non-cash items	PC15	70	8
Tax paid		-	-
Cash flow from operating activities before changes in working capital		-57	-51
<u>Cash flow from changes in working capital</u>			
Change in current receivables		-29	-52
Change in current liabilities		127	34
Cash flow from changes in working capital		-98	-18
Cash flow from operating activities		41	-69
<u>Cash flow from investing activities</u>			
Acquisition of property, plant and equipment		-1	-
Acquisition of subsidiaries		-81	-367
Cash flow from investing activities		-2	-367
<u>Cash flow from financing activities</u>			
New share issue		-	572
New share issue expenses		-1	-22
Group contributions		17	-
New borrowings		250	200
Repayment of borrowings		-640	-
Premiums paid for incentive program		-	2
Cash flow from financing activities		-374	752
Cash flow for the year		-415	316
Cash and cash equivalents at start of period		458	142
Cash and cash equivalents at end of period		43	458

Notes to the Parent Company financial statements

Note PC1. Accounting policies

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all IFRS standards and interpretations adopted by the EU to the extent possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between tax expense (income) and accounting profit.

The most important differences between the Group's and the Parent Company's accounting policies are described below or in the relevant note. The Parent Company's accounting policies have been applied consistently to all periods presented in the Parent Company's financial statements.

Leases

The Parent Company applies the exemption rule in RFR 2 and recognizes lease payments as an expense on a straight-line basis over the lease term.

Note PC2. Fees and reimbursement of auditors' expenses

SEK million	2023	2022
Audit engagement (BDO)	2	1
Tax advisory services	-	-
Other services	-	-
Total	2	1

Note PC3. Employees and personnel costs

ACCOUNTING POLICIES

Costs attributable to salaries during notice periods are expensed in the 2023 financial year, even though some payments will be made during 2024.

The average number of employees in the Parent Company was 4 (3), of which 3 (3) were men.

SEK million	2023	2022
Salaries and other remuneration		
Board and CEO	9	3
Other employees	1	3
Total	10	6
Social security costs		
Contractual and statutory social security costs	3	2
Pension costs for the Board and CEO (incl. payroll tax)	2	1
Other personnel costs	1	1
Total	16	10

Note PC4. Interest and similar income

SEK million	2023	2022
Interest income from cash and cash equivalents	3	1
Interest income from Group companies	3	1
Total	6	2

Note PC5. Interest and similar expenses

SEK million	2023	2022
Impairment of HoldCo receivable	-69	-
Interest expenses on bonds	-	-47
Interest expenses on bank loans	-47	-
Other finance costs	-4	-6
Total	-120	-53

Note PC6. Appropriations

ACCOUNTING POLICIES

Group contributions both received and paid are recognized as appropriations in accordance with the alternative rule.

SEK million	2023	2022
Group contributions received	20	17
Group contributions paid	-	-
Total	20	17

Note PC7. Taxes

SEK million	2023	2022
Current tax expense	-	-
Deferred tax	-	-
Tax expense for the year	-	-
Reconciliation of effective tax		
Profit/loss before tax	-107	-41
Tax at applicable tax rate	22	9
Tax effect of:		
Non-deductible expenses	22	9
Non-taxable income	-	-
Unrecognized deferred tax arising from tax losses	-	-18
Total	-	-

Note PC8. Investments in Group companies

ACCOUNTING POLICIES

Investments in subsidiaries are recognized at cost less any impairment. Cost includes acquisition-related costs and any contingent consideration. When there is an indication that investments in subsidiaries have declined in value, the recoverable amount is calculated. If the recoverable amount is lower than the carrying amount, an impairment loss is recognized. Impairment is recognized in Profit/loss from investments in Group companies. Shareholder contributions are recognized in the recipient's equity and the issuer's investments in Group companies, to the extent that there is no impairment.

On March 9, 2021, the holding was transferred from Seafire AB (publ) to the holding company Seafire Holdco AB. The carrying amount of the Parent Company's holding in Seafire Holdco AB is SEK 23 (23.0) million.

Holding under Seafire AB	Corp. ID	Registered office	Holding		Number of shares		Carrying amount ¹	
			2023	2022	2023	2022	2023	2022
Seafire Holdco AB	559291-8063	Stockholm	100%	100%	25,000	25,000	23	23

¹ Carrying amount, SEK million

SEK million	Seafire AB	
	2023	2022
Opening cost	23	8
Acquisitions	-	-
Remeasurement of contingent consideration	-	-
Shareholder contributions paid	-	15
Closing cost	23	23
Opening impairment	-	-
Impairment	-	-
Closing accumulated impairment	-	-
Closing carrying amount	23	23

Holding under Seafire Holdco AB	Company	Corp. ID	Registered office	Holding		Number of shares	
				2023	2022	2023	2022
	Bara Mineraler AB	556472-5397	Bara	100%	100%	22,000	22,000
	Borö-Pannan AB	556212-2183	Kalix	100%	-	3,500	-
	ESC d.d.o.	-	Breza, Bosnia	100%	-	2,000	-
	DOFAB AB	556732-5674	Sjöbo	100%	100%	1,000	1,000
	Färg-In AB	556187-9387	Kristinehamn	100%	100%	5,000	5,000
	Hedén Group AB	559060-2073	Gothenburg	100%	100%	50,000	50,000
	Kenpo Sandwich AB	556058-3733	Halmstad	100%	100%	5,000	5,000
	Novasip AB	556852-4242	Halmstad	100%	100%	500	500
	Luda.Farm AB	556690-3950	Mölnadal, Sweden	100%	100%	1,000	1,000
	Lingua Communication Nordic AB	556863-9628	Nacka	-	100%	-	1,000
	Nordbutiker AB	556908-9385	Stockholm	100%	100%	1,000	1,000
	OPO Scandinavia AB	556445-5482	Malmö	100%	100%	1,000	1,000
	Pexymek AB	556125-6354	Falkenberg	100%	100%	1,000	1,000
	Maströret Fastighets AB	556833-2117	Falkenberg	100%	100%	50,000	50,000
	SolidEngineer AB	556671-2740	Täby	100%	100%	1,000	1,000
	Thor Ahlgren AB	556314-6660	Skillingaryd	100%	100%	15,000	15,000
	Åkerstedts Verkstads AB	556172-8030	Vara	100%	100%	1,000	1,000
Total							

Note PC9. Receivables from Group companies

ACCOUNTING POLICIES

In the Parent Company, receivables from subsidiaries form part of the Parent Company's financing. The Group has a good insight into the financial position of the subsidiaries, which means that the Parent Company's receivables from subsidiaries are not considered to represent a credit risk. Impairment is evaluated regularly. The Parent Company's main receivable is the receivable from Seafire HoldCo following the sale of shares to HoldCo. SEK 67 (53) million of the Parent Company's current receivables are receivables from the cashpool.

Non-current receivables	2023	2022	Current receivables	2023	2022
Åkerstedts	-	6	Luda.Farm	5	8
Nordbutiker	-	13	Hedén	7	3
Seafire HoldCo	1,019	985	Thor Ahlgren	4	6
Total	1,019	1,004	Nordbutiker	63	36
			HoldCo	4	-
			Åkerstedts	1	-
			Total	84	53

Note PC10. Other current receivables

SEK million	2023	2022
Trade receivables	-	1
Other	-	1
Total	-	2

Note PC11. Prepaid expenses and accrued income

SEK million	2023	2022
Prepaid rent	1	1
Prepaid insurance premiums	-	-
Other	-	-
Total	1	1

Note PC12. Cash and cash equivalents

SEK million	2023	2022
Bank balances	43	458
Other cash and cash equivalents	-	-
Total	43	458

Note PC13. Non-current liabilities

ACCOUNTING POLICIES

The Parent Company has opted not to apply the exception to IFRS 9 in RFR 2. Contingent consideration liabilities are therefore measured at fair value in the Parent Company, in the same way as they are measured for the Group.

SEK million	2023	2022
Contingent consideration liability	7	9
Bonds	-	596
Bank loans	190	-
Other liabilities	-	5
Total	197	610

Note PC14. Accrued expenses and deferred income

SEK million	2023	2022
Accrued interest expenses	-	6
Accrued salaries and Board fees	3	1
Accrued social security contributions and special payroll tax	1	-
Other	2	1
Total	6	8

The item "Accrued salaries and Board fees" includes salaries during the notice period for the CEO and COO.

Note PC15. Adjustment for non-cash items

SEK million	2023	2022
Impairment of financial assets	70	-
Change in accrued interest	-	6
Other	-	2
Total	70	8

Note PC16. Pledged assets

SEK million	2023	2022
Floating charges	3	-
Shares in subsidiaries	23	23
Pledged bank balances	1	1
Total pledged assets	27	24

Note PC17. Related party transactions

There were no transactions with related parties during 2023, apart from contractual salary and pension payments to senior executives and fees to the Board and Audit Committee.

Note PC18. Proposed appropriation of profits

For the Board's proposed appropriation of profits, see the appropriation of profits in the Board of Directors' Report in this Annual Report, and below.

SEK	2023
Share premium reserve	880,910,739
Retained earnings	-127,406,184
Profit/loss for the year	-107,359,525
Total	646,145,031
To be distributed as follows:	
Dividend	-
Carried forward	646,145,031
Total	646,145,031

Declaration by the Board of Directors and the CEO

The Board of Directors and CEO hereby declare that the consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU, and provide a true and fair view of the Group's financial position and financial performance. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Parent Company's financial position and financial performance. The Board of Directors' Report describes the Group's and the Parent Company's operations, financial position and financial performance, and significant risks and uncertainties facing the Parent Company and Group companies.

Stockholm, April 2, 2024

Joachim Berner
Chairman of the Board

Lennart Jacobsson
Board member

Anders Hillerborg
Board member

Louise Nicolin
Board member

Marcus Söderberg
Board member

Stina Wollenius
Board member

Jacob Persson
CEO

Our auditor's report was submitted on April 2, 2024
BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant

Hanna Sewén
Authorized Public Accountant